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Malaysia Urges Caution on Regional Integration

BK1601080292 Kuala Lumpur BERNAMA in English 0713 GMT 16 Jan 92

[Text] Kuala Lumpur, Jan 16 (OANA-BERNAMA)—Malaysia reminded its Southeast Asian neighbours of the need to be politically stable, socio-economically resilient, and united to face the current global challenges.

Foreign Minister Abdullah Ahmad Badawi told the fourth Southeast Asia forum that otherwise, countries in the region would remain vulnerable to internal problems and external pressures.

"In considering our responses to the changing situation around us, in the region or beyond, I believe that we must first begin by looking into ourselves." "Unless each of us is internally united, stable, and prosperous, we will not be able to act effectively in the international arena," Abdullah said in his keynote address at the "Southeast Asia: The Way Forward" forum here Wednesday.

Unity, stability, and economic strength were equally important for countries in the region that were stable and prosperous now because these elements needed to be constantly tended to, nurtured, and fortified, he said. "Even nations and civilisations which achieved greatness in history, slipped and fell when they lost their vitality and determination to constantly scale ever greater [words indistinct]," he said.

Fifty-seven participants from all 10 Southeast Asian countries—Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar [Burma], the Philippines, Singapore, Thailand, and Vietnam—are attending the three-day forum. Among the notable participants are former Foreign Ministers Dr. Mokhtar Kusumaatmaja of Indonesia and Nguyen Co Thach of Vietnam.

Abdullah also stressed the need for countries in the region to further impove bilateral relations and respect each other in their collective endeavour to strengthen goodwill, amity, understanding, and cooperation. The countries should also refrain from any provocative action, he added. Abdullah said closer cooperation under regional organisations such as the already established ASEAN should be enhanced to benefit member countries.

He believed full integration of all countries in the region might be "some way ahead", but cautioned against any efforts to force the pace as regionalism took time to mature. Any efforts for closer regional engagement should only be to strengthen the organisation, and not otherwise, he said.

"Moving Southeast Asia forward also involves the engagement of all its states in a single regional process (?because) this in fact was the original aspiration of ASEAN," he said.

Abdullah also stressed the need for countries in this region to take part in regional economic processes which ASEAN members had already been doing. He hoped that non-ASEAN states would also soon plug themselves into these processes such as the Asia-Pacific economic cooperation to help boost their economy.

On international peace and security, he said ASEAN and other countries in the region should join other nations in examining ways to upgrade the capabilities of the United Nations to play a larger and more active role.

Abdullah said acute conflict should be averted "at all costs" so as not to place the region into turmoil, invite possible external intervention, and jeopardise regional peace, reconciliation, and constructive engagement. There was also a strong need for countries in the region to cooperate in resolving environmental problems through bilateral and multilateral cooperation.

Bright Prospects Seen for ASEAN Economies

BK1001072292 Kuala Lumpur BERNAMA in English 0646 GMT 10 Jan 92

[Text] Kuala Lumpur, Jan 10 (OANA-BERNAMA)—ASEAN business captains are generally upbeat about economic performance in the region this year, the financial daily BUSINESS TIMES quoted a survey here Friday.

The sample survey by the Institute of Southeast Asian Business (ASEAN Institute) also shows a consensus that Malaysia and Thailand will be best performing economies, with Malaysia marginally ahead.

The strong vote of confidence in the Malaysian economy from the businessmen surveyed was influenced by policies that are expected to sustain strong investment and export growth, the institute said.

At the same time, the survey added, Malaysia is also maintaining a strong level of infrastructure development to support the rapidly growing economy.

The sample survey was recently conducted among 50 leading companies, all of which are members of the ASEAN Institute based in Jakarta. Established by 40 leading companies last year, membership has expanded to 60 and includes some of the largest conglomerates in the region.

"The view among the business leaders is that with the exception of the Philippines, ASEAN countries will take steps to ease economic overheating while expanding existing facilities.

"As a whole, ASEAN economies are expected to weaken somewhat in the first half of 1992 before gathering strength in the second half," the institute said. "There is also general agreement that a severe recession is unlikely to emanate."

ASEAN Institute Vice President Dr. Munir Majid said the international outlook is "not too encouraging but far from grim." Both the US and UK economies are expected to allow theirs to slide.

He said ASEAN economies will do well again but the extent will be determined by the openness on the part of the respective governments.

"The main thing is that markets must continue to be opened and internal domestic and regional demand should be sustained."

He forecasts the Malaysian economy to grow by between 7.5 and eight percent this year, slightly lower than in 1991, mainly as a result of price and infrastructure pressures on highly performing economies. Domestic demand will remain strong and both investor and consumer confidence high.

Singapore Technologies Industrial Corp. President Wong Kok Siew, who is ASEAN Institute treasurer, expects the Singapore economy to grow between five and seven percent this year. He is bullish about business linkages between ASEAN countries, citing the growth triangle linkage with Johor and Batam as an example.

Singapore, Thai Premiers View ASEAN Agenda

BK1601053292 Kuala Lumpur BERNAMA in English 0435 GMT 16 Jan 92

[Text] Singapore, Jan 16 (OANA-BERNAMA)—Singapore Prime Minister Goh Chok Tong said a major item on the agenda of the fourth ASEAN summit will be the new direction the grouping should pursue given the new international landscape.

With the emergence of new market economies in Eastern Europe, regional economic blocs like the single European market and the North American Free Trade Area (NAFTA), ASEAN had to move more decisively on economic cooperation.

Goh said the basic concern would be to ensure that ASEAN's economic take-off would not be slowed down or stymied by those developments.

"We will look at ways to enhance cooperation both within the region and with external powers," he said in a pre-summit interview with the SINGAPORE BUSINESS TIMES (SBT).

He said ASEAN must continue pushing for greater access to international markets through an open world trading environment. It should also seek new initiatives which would boost investment flows into the region.

"ASEAN can consolidate itself as well as extend its economic cooperation to other Asian or Asia-Pacific countries. It can play a core role in the East Asian Economic Caucus (EAEC) and APEC (Asia-Pacific Economic Conference)," he added.

Goh described Thailand's proposal to form an ASEAN free trade area (AFTA) within the next 15 years as timely and appropriate. He also said that Indonesia's proposal of a common effective preferential tariff (CEPT) as a step forward.

"The establishment of an AFTA is the most effective way for ASEAN to respond to the single European maket and the unified North American market," he added.

In a separate interview with the SBT in Bangkok, Thai Prime Minister Anan Panyarachun said that initially AFTA would cover only manufactured products.

"It will not cover agriculture or services and it's going to be a sectoral approach, done sector by sector, within a 15-year time frame," he added.

Thailand was still discussing with her ASEAN partners which particular sectors would merit early attention and a shorter time frame but he hoped that within the next 15 years all sectors would be included.

Singapore Premier on ASEAN-Indochina Ties

BK1601102292 Singapore THE STRAITS TIMES in English 16 Jan 92 p 3

[Text] Prime Minister Goh Chok Tong said yesterday that ASEAN would help the Indochinese countries return to the regional mainstream and rebuild their economies.

According to REUTERS, he told the PRESS TRUST of INDIA (PTI) News Agency in an interview: "The settlement of in Cambodia opens the way for a better relationship between ASEAN and Indochina."

A peaceful and prosperous Vietnam and Laos were in Southeast Asia's interest, he said in written answers to PTI.

"ASEAN will do what it can to help them return to the Southeast Asian mainstream and rebuild their economies," he said.

Last November, the Singapore Government lifted a 1978 ban on investment in Cambodia and Vietnam following the signing in Paris of an accord to end the 13-year-old Cambodian conflict.

"ASEAN will contribute, within our means, to the reconstruction of Cambodia, but the primary responsibility lies with the Cambodians," he said.

He added that the decisions taken in Hanoi and Vientiane, not in the ASEAN capitals, would determine whether Vietnam or Laos succeed.

On India's economic liberalisation policy, he said this would increase prospects for trade and economic cooperation with Southeast Asia.

Noting reports about the strength of India's armed forces, particularly its navy, he said: "Countries in the region have a vital interest in ensuring that no power dominates the sea lanes and upsets the equilibrium in Southeast Asia.

"They are naturally concerned when it is reported that India has the capability to project its navy way beyond its shores.

"I hope that India will appreciate the security concerns of its neighbours," he said.

Japan

Watanabe To Meet Bush, Quayle, Baker, Cheney

OW1701104992 Tokyo KYODO in English 1039 GMT 17 Jan 92

[Text] Tokyo, Jan. 17 KYODO—Foreign Minister Michio Watanabe will meet separately with U.S. President George Bush, Vice President Dan Quayle, Secretary of State James Baker, and Defense Secretary Dick Cheney during his January 20-24 visit to Washington, Foreign Ministry officials said Friday.

Officials said the meetings will take place on the sidelines of an international conference on aid to the Commonwealth of Independent States (CIS), to be held in the U.S. capital Wednesday and Thursday.

Arriving in Washington via Chicago next Monday, Watanabe is scheduled Tuesday to have a 45-minute breakfast meeting with Quayle. The sources said the meeting may be followed by a courtesy call on Bush.

Later in day, Watanabe has an hour-long meeting with Baker followed by a 45-minute meeting with Cheney. The foreign minister has already had talks with both officials in Tokyo last year.

On Wednesday, officials said, Watanabe will attend the CIS aid meeting, during which he will make statements in his capacity as a co-chairman of two committees set up on medical and technical assistance.

Wednesday's discussions will also take up the questions of food, shelter, and energy assistance, officials said.

Watanabe and the foreign ministers of other countries are scheduled to gather for an informal buffet luncheon hosted by Baker.

On Thursday morning, the respective committees will present their reports and Baker will adjourn the meeting. The results of the conference are to be made public in a press conference.

Officials said Wednesday's conference discussions will run parallel with more detailed talks among working-level officials of the participating countries, which will begin their discussions Tuesday.

During the course of the conference or before leaving for Japan Wednesday evening, Watanabe is expected to hold bilateral talks with counterparts from several countries, including Britain, Germany, and Spain.

He will return to Japan early Friday morning.

Miyazawa Hopes To Meet Yeltsin, Major in U.S.

OW1701112392 Tokyo KYODO in English 1106 GMT 17 Jan 92

[Text] Tokyo, Jan. 17 KYODO—Prime Minister Kiichi Miyazawa hopes to meet separately with Russian President Boris Yeltsin and British Prime Minister John Major while they are in New York attending a summit meeting of leaders from 15 member states of the U.N. Security Council, Foreign Ministry sources said Friday.

Miyazawa is tentatively set to leave Tokyo on January 30 and is to attend the New York summit the following day, the sources said.

If the meeting with Yeltsin is realized, the sources said, Miyazawa will call for an early settlement to a decades-long territorial dispute standing between Tokyo and Moscow, and for the conclusion of a peace treaty.

Japan has long called for the return of a group of islands north of Japan that were seized by Soviet troops at the end of World War II.

The prime minister also would renew Japan's support for Russian efforts to promote economic reforms, the sources said.

In the meeting with Major, Miyazawa would discuss the United Nations' roles in the post-cold war era, they said.

Trade Gap With U.S. Termed Source of Concern

OW1701145092 Tokyo KYODO in English 1442 GMT 17 Jan 92

[Text] Tokyo, Jan. 17 KYODO—Reacting to Friday's announcement of the U.S. November trade deficit, a Bank of Japan (BOJ) source said the U.S. trade gap with Japan remains a "source of concern."

The U.S. Commerce Department reported that the U.S. trade gap with Japan fell 26.4 percent in November from the previous month to 3.41 billion dollars.

The seasonally-adjusted global U.S. merchandise trade surplus in November plunged 43.5 percent over the preceding month to 3.57 billion dollars, it said.

U.S. exports rose to 37.46 billion dollars from October's 37.11 billion dollars, the department said.

The BOJ source said the rise mirrors the drive by the U.S. to boost exports.

He also said the U.S. trade deficit was smaller than expected.

A market source said the sharp decline in the trade deficit should serve as a dollar-buying incentive.

France Concerned Over Auto Accord With U.S.

OW1701130692 Tokyo KYODO in English 1243 GMT 17 Jan 92

[Text] Tokyo, Jan. 17 KYODO—French Finance Minister Pierre Beregovoy on Friday expressed concern over Japan's recent pledge to the United States to import more U.S.-made autos and auto parts, Foreign Ministry officials said.

Officials said Beregovoy, who arrived in Japan on Thursday for a six-day visit, indirectly expressed reservations over the U.S-Japan accord in remarks to Foreign Minister Michio Watanabe in a 45-minute meeting.

Beregovoy was quoted as saying that while France positively assesses most of the agreements on trade and economics reached during U.S. President George Bush's recent visit to Japan, the agreement on auto and auto parts procurement "casts a shadow" over the package as a whole.

He was implying that the accord on autos and auto parts might entail discrimination against the products of the European Community (EC).

Beregovoy was also quoted as voicing concern over the fact that France's overall exports to Japan are only about half the value of Japan's exports to France.

Officials said Watanabe said Japan's market is an open one.

He said the relaxation of import standards for autos agreed to during the Bush visit are applicable to European cars as well and will likely have positive effect on their sales performance here.

French Minister Views Forthcoming G-7 Meeting

OW1701131392 Tokyo KYODO in English 1235 GMT 17 Jan 92

[Text] Tokyo, Jan. 17 KYODO—The largest theme of the forthcoming Group of Seven (G-7) meeting will be how to rebuild confidence in the world economy, French Finance Minister Pierre Beregovoy said Friday.

Emerging from a meeting with Japanese Finance Minister Tsutomu Hata, Beregovoy told reporters that he agreed with Hata that each member of the G-7 should do what it can to achieve the avowed goal of noninflationary, sustainable growth.

He said controlled inflation, falling oil prices, and declining interest rates are good boosters for the world economy.

What remains is the psychological problem, Beregovoy said.

"Topping the G-7 agenda is how to set the environment for rebuilding confidence in the world economy," he said through an interpreter.

Yuichi Ezawa, director general of the Finance Ministry's international finance bureau, said the finance ministers from the two countries did not discuss the currency market.

In addition, Beregovoy did not criticize Germany's tight monetary policy, Ezawa said.

"The two did not discuss the economic conditions of Germany in detail," he said.

But Beregovoy conceded that France was forced to follow suit when Germany raised the discount rate in December to a post-war high of 8.0 percent.

The two sides saw eye-to-eye on the importance of monetary policy coordination among the G-7 countries, Ezawa said.

Hata and Beregovoy agreed to hold a regular meeting of finance ministers of the two countries, but a schedule for such a meeting has not yet been set, Ezawa said.

Beregovoy also said Japan's growing trade surplus with France is largely a French company problem.

He called on Japan to increase its investments in France, stressing the favorable investment environment in France.

Bank Governor: 'No Crack' in G-7 Coordination

OW1701050192 Tokyo KYODO in English 0451 GMT 17 Jan 92

[Text] Tokyo, Jan. 17 (KYODO)—Bank of Japan Governor Yasushi Mieno said Friday there is no crack in the policy coordination among the Group of Seven (G-7) industrialized nations despite recent contradictory interest rate movements in the United States and Germany.

Speaking to a seminar sponsored by an economic magazine publisher, the central bank chief said the G-7 nations have been working together to achieve the common goal of maintaining sustained economic growth without inflation.

Mieno was speaking against the backdrop of a recent rise in German interest rates and a drop in U.S. interest rates, which has spawned speculation in financial markets that G-7 policy coordination may have collapsed.

Turning to the Japanese economy, Mieno reiterated his assessment that the economy is now shifting away from excessive growth in the past few years to well-balanced growth but acknowledged that the economic slowdown is accelerating a bit.

He stressed, however, that there is little possibility of the economy taking a rapid fall, although business sentiment is cautious amid an erosion in corporate profitability.

Mieno painted a bright picture of inflation, saying there is growing evidence of price stability but that consumer price movements need to be watched.

Consumer prices have not gone down enough yet, he said, but noted that domestic wholesale prices showed more stable movements recently.

"Stable trends in prices of goods and land represent a sign that the Japanese economy is on a right track to normalization," he said.

Antiwar Civic Groups File Compensation Suits

OW1701104292 Tokyo KYODO in English 0850 GMT 17 Jan 92

[Text] Tokyo, Jan. 17 KYODO—Japanese antiwar civic groups Friday marked the first anniversary of the start of the Persian Gulf war by filing suits for compensation over Japan's payment of 9 billion dollars to the U.S.-led multinational forces who fought Iraq.

Civic groups in Tokyo and Nagoya filed the suits with local district courts calling for the payment.

The Tokyo-based group, "Peace Now. Never Pay Tax for War—Civil Suit," asked the Japanese Government to pay 10,000 yen in compensation to each defendant from the group.

The group filed similar suits last March and April.

After filing the third suit, group members marched on Tokyo streets.

In Nagoya, another civic group also filed a similar suit with the local district court.

In Osaka, an antiwar group sponsored a showing of a video, narrated by former U.S. Attorney General Ramsey Clark, showing Iraqi cities being bombed by multinational force jets during the Gulf war.

In Hiroshima, antiwar citizens staged a sit-in to protest against sending Japan's Self-Defense Forces overseas.

Tokyo Considers Humanitarian Package to CIS

OW1701132492 Tokyo KYODO in English 1309 GMT 17 Jan 92

[Text] Tokyo, Jan. 17 KYODO—Japan is considering making a gift of some 50 million dollars worth of food and medical supplies to the Commonwealth of Independent States (CIS), a senior Finance Ministry official said Friday.

Japan is looking into the possibility of making an announcement on the humanitarian aid plan during two-day talks on aid to the CIS beginning in the United States next Wednesday, the official said.

The official said that since efforts to provide assistance to the CIS in exchange for payment have not gone smoothly, the government has been thinking of an alternative emergency aid package.

Fujio Warns Against Emperor's Visit to China

OW1701082992 Tokyo KYODO in English 0658 GMT 17 JAN 92

[Text] Tokyo, Jan. 17 KYODO—Masayuki Fujio, an outspoken right-wing legislator of the ruling Liberal Democratic Party (LDP), cautioned the Japanese Government Friday against hastily arranging Emperor Akihito's trip to China.

Party sources said Fujio, a former education minister, warned at a meeting of the LDP Executive Council that the emperor's visit to China should be handled with caution.

Issuing the warning in reference to anti-Japanese sentiment in South Korea during Prime Minister Kiichi Miyazawa's trip to Seoul, Fujio said similar problems may happen in China as well.

LDP Secretary General Tamisuke Watanuki said the party will consult closely with the government about the emperor's visit to China.

During a trip to China earlier this month, Foreign Minister Michio Watanabe conveyed Japan's promise to give serious consideration to Emperor Akihito's trip to Beijing which government sources predict may come as early as this fall.

Hata: Program With ROK To Benefit Others

OW1701140292 Tokyo KYODO in English 1136 GMT 17 Jan 92

[Text] Tokyo, Jan. 17 KYODO—Finance Minister Tsutomu Hata said Friday a new action program between Japan and South Korea to reduce their bilateral trade imbalance will also be beneficial to other Asian countries.

Hata, who returned from Seoul on Friday, told a press conference the program agreed earlier in the day between Prime Minister Kiichi Miyazawa and South Korean President No Tae-u should equally benefit other Asian nations also running huge trade deficits with Japan.

Miyazawa and No agreed during their meeting in Seoul to make an "action program" by the end of June to reduce Japan's trade surplus with South Korea. Hata was accompanying Miyazawa in his three-day visit to the country.

Hata also said the Miyazawa government is determined to boost imports of manufactured products from Asian trade partners by expanding domestic demand.

"I think the Japanese people understand the importance of doing so," he said.

Business Leaders Hail Miyazawa-No Meeting

OW1701121692 Tokyo KYODO in English 1147 GMT 17 Jan 92

[Text] Tokyo, Jan. 17 KYODO—Japanese business leaders hailed the outcome of talks in Seoul between Prime Minister Kiichi Miyazawa and South Korean President No Tae-u.

Gaishi Hiraiwa, chairman of the Federation of Economic Organizations (Keidanren), said it was a major achievement that the two countries agreed to hold negotiations to settle issues like trade imbalances and transfer of high technology to South Korea.

Rokuro Ishikawa, chairman of the Japan Chamber of Commerce and Industry, noted the significance of holding economic structural talks with South Korea, adding Japan should cooperate on transfer of technology.

Masaru Hayami, chairman of the Japan Association of Corporate Executives, urged the Japanese Government to ease barriers set by each ministry and boost imports. He urged Miyazawa to take strong leadership action in doing so.

Takeshi Nagano, president of the Japan Federation of Employers' Associations, welcomed the formation of specific plans to ease the trade imbalance. He also pointed out that Japan should assist other Asian countries in the same way, and "balance" ought to be taken into consideration when supporting South Korea.

Tokyo To Resume Official Assistance to Cambodia

OW1701131792 Tokyo KYODO in English 1247 GMT 17 Jan 92

[Text] Tokyo, Jan. 17 KYODO—Japan will extend a grant of 4 billion yen to Cambodia, resuming official development assistance to that country after a break of 17 years, government sources said Friday.

The aid will include food supplies to be given through the World Food Program, the sources said.

Cambodia will use part of the Japanese assistance to rebuild a bridge in downtown Phnom Penh, destroyed in 1972 during the Cambodian war, the sources said.

Japan will send two government missions to Phnom Penh later this month for talks with Cambodian officials concerning Japanese economic assistance.

One of the missions will study how Japan can help in constructing infrastructure facilities in Cambodia, while the other will hold talks on how to repatriate an estimated 350,000 Cambodian refugees settled along the Thai-Cambodian border.

Canadian Minister on Support Against Overfishing

OW1701115192 Tokyo KYODO in English 1048 GMT 17 Jan 92

[Text] Tokyo, Jan. 17 KYODO—Canadian Fisheries and Oceans Minister John Crosbie said here Friday he is pleased with the Japanese response to his calls for ending overfishing in the northwest Atlantic.

Crosbie, who met with Masami Tanabu, Japanese minister of agriculture, forestry and fisheries, and officials of Japanese fishing companies, said the Japanese, who had remained neutral in the long-standing Canada-European Community (EC) dispute on overfishing, are now "coming on (Canada's) side."

"The Japanese are high seas fishermen and had been wary of (our) efforts, but I am now convinced they are supporting (Canada's) position."

Crosbie, who also took his message against EC overfishing, particularly by Spain and Portugal, to London earlier in his trip, said the British also seem more supportive than they have been.

"Response has been good (from Japan and Britain), but the South Koreans have simply stonewalled. We have sent them diplomatic notes about their overfishing, but they just ignore them. Spain and Portugal make wonderful speeches, but they simply ignore them and continue to overfish," he said in Tokyo.

Crosbie did not visit Seoul this trip, but said he would be pressing South Korea to begin conserving fish stocks in the Atlantic.

With Japan and Britain coming on board, Crosbie said he is now more confident that a special meeting of the Northwest Atlantic Fisheries Organization (NAFO), which is charged with managing fish stocks in the high seas off Canada's grand banks, will be held in April or May to tackle the growing problem of depleted cod, flounder, and redfish stocks.

Japan, he said, has become more interested in the issue because Japanese fishing quotas inside Canada's eastern seaboard 200 mile economic zone have been cut by 10,000 tons annually because overfishing by the EC fleets and others, such as from South Korea, have depleted stock inside Canada's exclusive economic fishing zone.

"Japan has also been very careful to meet all international standards on fishing outside the economic zone and has abided by all such laws. Even though their long-distance fishing fleets are only a sixth now of what they once were, they understand the issue and their strong moral position should help us at a NAFO special meeting."

Crosbie added that he will take his campaign against overfishing to the United Nations Conference on Environment and Development, known as the "Earth Summit" in Rio de Janiero in June.

"I can't see how any objective observer could fail to be shocked by the arrogant behavior (of the EC) in this matter."

"It is difficult to get international publicity on overfishing—you don't see any famous actresses running over to kiss and cuddle a codfish—but I can't see how this major international conference (the Earth Summit) can not be prepared to deal with this terrible threat to the whole world's fisheries resources."

Crosbie, who also officiated at a seminar in Tokyo on underused species such as surf clams, squid, redfish, and other fish and shellfish not popular among Canadian consumers, said Canada will mount a joint industry-government campaign to market those species in Japan, where Canada sold more than half a billion dollars worth of marine products last year.

The campaign is estimated to cost 1.5 million Canadian dollars over two years and will target Japanese consumers.

Environmental Cooperation Areas With EC Noted

OW1701115492 Tokyo KYODO in English 1124 GMT 17 Jan 92

[Text] Tokyo, Jan. 17 KYODO—Japan and the European Community (EC) concluded a high-level meeting on the environment here Friday, identifying a number of areas of potential cooperation.

A joint press statement released after the two-day talks said that officials from Japan and the EC, meeting on the environment for the first time at such a high level, committed themselves to cooperate on such issues as tropical forest conservation, acid rain, and global warming.

The statement said the two sides also agreed to exchange information on such issues as waste management, classification of dangerous chemicals, and the use of economic instruments in protecting the environment.

Environmental cooperation was identified in the Japan-EC Joint Declaration, issued last July in The Hague, as one of the areas where bilateral cooperation should be strengthened.

Deputy Foreign Minister Koichiro Matsuura headed the Japanese delegation, while his EC counterpart was Laurens Jan Brinkhorst, a former ambassador to Japan who now serves as director general for the environment, nuclear safety, and civil protection.

Foreign Ministry officials said the EC side supported the Japanese side's statement that countries should make a strong appeal to the United States to implement more stringent measures to limit carbon dioxide (CO2) emmissions at the 1990 level to help rectify the global warming problem.

Officials said that on the issue of global warming, the two sides agreed to hold a workshop of experts on methane and NO2 [as received], the major greenhouse gases besides CO2 and those about which relatively less research has been done.

Officials said another measure related to global warming was the two sides' agreement to directly exchange information between their respective institutions involved in research on regional models for environment-related scientific analysis.

The EC side was said to have responded positively to a Japanese request for its financial cooperation in an International Tropical Timber Organization (ITTO) forest conservation project in the Malaysian state of Sarawak, which is being partially funded by Japan.

Officials said the EC side welcomed the visit of Japanese experts on acid rain to its institute on the environment. The officials said that the EC has more expertise in that field than Japan.

Officials said there was also an exchange of opinions on the idea of certain countries about introducing a new tax that would create revenue for conservation efforts.

The two sides agreed that similar high-level meetings on environmental cooperation should take place annually.

Nissan To Expand Facility in Great Britain

OW1701043092 Tokyo KYODO in English 0313 GMT 17 Jan 92

[Text] London, Jan. 17 (KYODO)—Nissan Motor Co. announced Friday it will invest another 200 million pounds in its British manufacturing base to set up a new production line for a new model.

Nissan Motor Mfg. (U.K.) Ltd., Nissan's wholly owned subsidiary in Sunderland, northeastern England, will begin producing Micra models later this year in addition to the currently produced small passenger car Primera model, Nissan officials said.

The Sunderland Plant, which manufactured 124,000 Primeras in 1991, plans to produce 175,000 this year comprising 140,000 Primeras and 35,000 Micras, the officials said.

Annual combined output is targeted at 270,000 cars by 1993.

With the introduction of the new model, the plant's work force will be increased by 600 from the current 4,000 employees.

The plant started production in 1986 with a total investment of 700 million pounds.

With the additional 200 million pound investment, the project will become the largest by a Japanese company in Europe in terms of investment, surpassing Toyota Motor

Corp.'s 840 million pound British plant now under construction, the officials said.

Nissan plans to increase its overall overseas production by 21.6 percent in 1992 from 1991 to 916,000 vehicles, while the company's domestic production is estimated to inch up by 1 percent to 2,355,000 vehicles, according to industry sources.

Search for Direction of Heisei Economy Discussed

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[Roundtable Discussion with Yoshikazu Kano, National Economic Research Association Managing Director; Katsu Takagi, Fuji Research Institute Economic Research Division Chief; Mitsubishi Research Institute Councillor Noriyoshi Takahashi; and EPA Coordination Bureau Councillor Seiichi Toshida on 24 September; place not given: "Search for Direction of Heisei Economy—Whither Heisei Economy"]

[Text] The debate over the economy is heated. Signs of a slowing in the economy could be seen as we entered this fiscal year and judging the economy has become a delicate matter.

The expansion in the economy after November 1986 led to an unprecedented economic boom. It is probably critical to analyze the characteristics and background of that economic boom in projecting the future of the Japanese economy.

The purpose of this discussion is to debate the characteristics, present situation, and the future of the Heisei economy from both optimistic and pessimistic viewpoints.

[Toshida] Today, the theme is "Whither the Heisei Economy" and we wish to discuss the characteristics, present situation and future of the current economic boom.

Judgments concerning the economy have reached a delicate stage, but we first need to clearly define the term "economy." We need to define economy for the purposes of this discussion.

Should the Definition of "Economy" Be Based on Speed or Standard?

[Takagi] An observation of recent debates on the economy leads one to believe that the definition of "economy" is especially difficult in terms of the turning point. It is very difficult to reach an agreement on opinions because the debate becomes somewhat of a mixture between standards and speed. Instead, in looking at the peaks and valleys of the economy, we should measure them by their changes rather than by any standard.

In reality, looking back at the Japanese economy, there was only one negative growth period after World War II. In essence, most periods recorded a positive growth rate and the standard itself stood at high levels. We have undergone ten economic cycles since the end of World War II, and I believe we should focus on the basic direction and degree of changes.

[Takahashi] I am in general agreement with that statement. It is important to observe whether the operating environment and employment trends of businesses on a microeconomic level are consistent with or inconsistent with current conditions. When these factors are observed from a macroeconomic level and overall demands are favorable, both employment and business operations should be running at consistently favorable levels and generally speaking, I believe it is proper to utilize past methods of examining movements of overall demand levels.

As Mr. Takagi pointed out, there were very few cases when growth in overall demand recorded a negative rate. The criterion for judgment probably boils down to whether or not the actual rate falls below a given minimum growth rate.

However, the reason a special debate is ongoing this time around in terms of levels, is because there are inconsistencies in movements between macroeconomic and microeconomic levels and between movements in overall demand and business operating conditions and employment trends. Of crucial significance in the discussion is the point of emphasis.

[Kano] I believe the economy should be judged on the basis of whether business profits are good or bad or on whether or not there is an increase in unemployment rates. Economic slowdowns in Japan after World War II have been gross recessions. Even when the growth rate remained positive but slowed down, some businesses recorded deficits and people became unemployed. The changes in direction became an issue only because of a coincidental decline in growth rate and the appearance of bad economic times. However, although current trends have slowed down, since employment levels are high and business profits are at levels previously recorded during good times, we cannot say we are in an economic decline.

In previous times, there was the phrase, "Expansion without a sense of good times," but we are now in, "a slow down without a sense of bad times." There are some exceptions among individual industries, but on a whole, many industries say they are still doing well. I somehow feel that past definitions of the term "economy" are no longer applicable.

[Toshida] As stated by Mr. Takahashi, I think we should determine a minimum growth rate and make a judgment on the basis of whether or not any comparative deviations have occurred over a period of time. But, since activities are at a high level this time around, I believe a mere slowdown cannot be called an economic recession.

Accordingly, I somehow feel that whether or not we are in a recession now is an issue of definition. Evaluation of reality even when based on identical awareness can differ depending on the definition.

Primary Factors of the Current Economic Expansion and Sustained Growth

Next we ask that the discussion cover an evaluation of the current economy. In addition, the question is how should we interpret the fact that the current economic expansion is being sustained over a long period.

I believe that judgments concerning the current trends will differ according to how we view the current economic expansion. Such media as newspapers provide a variety of views such as the use of considerably positive terms in some cases, while in other cases the bubble aspects of the prosperity are emphasized in describing the current economy.

[Takahashi] The starting point for the current economic cycle was the upward revaluation of the yen and the decline in crude oil prices. There was a big impact from the one-time revenue increase resulting from changes in terms of trade accompanying these two events. On the other hand, significant money easing was implemented to counter the upward revaluation of the yen, and credit was created at a very rapid pace leading to the creation of the economic bubble. Using the term economic bubble may be somewhat extreme, but I think we had economic growth without substance in the sense that there was no expansion or sustained growth in real terms such as the inventory cycle or capital investment cycle.

[Kano] The starting point of the current economic cycle was definitely the upward reappraisal of the yen. The first effect of a higher yen was an improvement in the terms of trade. Next, began the restructuring of businesses. We now look upon an internally driven economy as a logical situation, but it was not clear initially whether Japan could convert to an internally driven economy. The value of the yen suddenly rose as much as 100 yen against the dollar, leading to talk of emasculation of domestic industry and the view that it would take three to five years to recover from the adverse effects of the expensive yen.

I insisted from the beginning that we would undergo an economic boom. My reason was that I felt we would see an era led by capital investment. The emasculation of industry was rumored because inaction on the part of business would have resulted in the loss of market share to competitive products from Southeast Asia. But to counter this trend, businesses became selective about products to be manufactured, researched domestic markets for new product demand and initiated diversification of operations. These moves led to capital investments to implement restructurings in businesses.

Further, the official lending rate was lowered to 2.5 percent and the continuation of that rate over a considerably long period had an effect in terms of a policy.

Further, the viewpoint of "upgrading" of the Japanese economy in terms of expanding effective demand is also important. Progress was seen in the upgrading of consumption with a background of increasing incomes and changing life-styles. These trends were accompanied by the initiation of capital investments to provide higher class products and services. These were not capacity-type but upgraded investments. For example, an initiation of upgrading in automobiles and domestic appliances requires an expansion in capital investments by the steel industry for manufacture of high valued-added products such as sheet metal produced with rust-proof surfaces. Upgrading resulted in a favorable cycle composed of individual consumption and capital investments.

Further, such long-term economic expansion was related to the globalization of the Japanese economy.

The Izanagi Boom and the Iwato Boom were economic cycles that functioned within the boundaries of Japan and reached their peaks within short time periods, but this time around when commodities became scarce, they would be offset by imports, and when a labor shortage occurred, it would be offset by an influx of foreign labor, thus providing for more adequate sources of supply and a lid on inflation.

[Takagi] In reviewing the Heisei Boom, we note that the sudden rise in the value of the yen significantly improved terms of trade. The second factor coming into play was the super easing of money. This did, of course, lead to the bubble economy. The third factor was represented by the two large-scale increases in government spending in the form of an integrated economic policy and emergency economic countermeasures. A domestic-demand-led, large-scale economic boom was born in the Japanese economy under the auspicious simultaneous manifestation of these three factors.

Subsequently, various businesses, especially export industries, intensified their efforts to cope with the rising value of the yen. They worked on the upgrading and sophistication of products and actively engaged in diversification. In the past five years, sales of shipbuilding, textiles, and camera firms outside of their primary product lines have grown close to 10 percent. This represents a large structural change.

Efforts on the part of businesses to cope with an expensive yen stimulated capital investments, and that led to increased incomes and replenishment of consumer funds leading to a strong expansion in domestic demand in the form of mutual stimulation between capital investment and consumer spending.

Interpretation of the Bubble Effects

[Takahashi] Mr. Kano's theory is applicable to the real world, but it did not include an evaluation of the bubble effect. I believe the bubble effect had a big influence on upgrading and diversification moves.

[Takagi] One gets an especially strong impression that the latter half of the Heisei Boom saw a compounding of positive trends from the bubble effect. I believe the boom this time around is an "economy on bamboo stilts." We've been walking far above our normal height based on high stock prices and high land prices. Already, one of the two stilts has broken because of the decline in stock prices. And, now there are some signs that land prices will go in the same direction.

[Toshida] Mr. Kano, what do you think of the so-called bubble effect based on the enormous rise in asset values during the current economic expansion?

[Kano] I feel it had some effect, but I question its application in explaining the large-scale boom of the Japanese economy. The sale of expensive merchandise, such as paintings, in the initial stages had some effect on influencing individual consumers based on asset value effects, but this changed in midstream to income effects. Therefore, the bursting of the bubble should not directly cause an economic downturn.

[Takahashi] It is said that the Sima [Toyota luxury car] phenomenon took effect resulting in the sale of more expensive merchandise first. In the background of this phenomena was the precipitous rise in the value of such assets as stocks, land, and golf club memberships. It is difficult to believe that expensive merchandise would sell at such a high pace based solely on countermeasures taken against the expensive yen, without the benefit of the bubble effect. In this sense, there was a degree of buying that took place because of the bubble effect.

[Takagi] My basic definition for the term economy is as stated previously, but I think the bubble factor came into play and sustained the boom for a longer period.

For example, capital investments by small and medium companies have recently slowed down, but were very strong up to this time. Needless to say, motivation for capital investments did exist, but the funds that made the investments possible emanated from the expansion in collateral value of rising land prices. There were cases where financial institutions made easy loans, but this is what made capital investments possible in certain cases. That is why we cannot rule out the bubble effect in its entirety.

[Takahashi] Rather, I would say the bubble effect was considerably large. To raise funds for capital investments, many companies probably used land as collateral and there were many companies that sold land to raise money.

[Toshida] In such cases, it was certainly important that they had the desire to make capital investments, and it is for this reason that they raised funds and in so doing sold land in some cases. I imagine in this sense, there was a bubble effect.

There is some difference in the appraisal of the current economic expansion as it relates to the bubble effect, but you all seem to be in agreement on other basic observations.

Globalization of the Japanese Economy and Durability of the Boom

Relative to the point that the current economic boom's durability is comparable to the Izanagi Boom, Mr. Kano has stated that globalization of the Japanese economy has alleviated limitations on the supply side. What do you think of this point?

[Takagi] It is definite that a part of the foreign laborers in reality include simple laborers, but I don't think globalization of this nature had a large positive impact. Exports had grown considerably during the Izanagi Boom, and it was not a closed economy. Needless to say, there are differences between now and then in a variety of senses, but I believe that domestic factors which I listed previously were the main reasons for the current economic boom.

[Takahashi] I agree with Mr. Takagi on the issue of manpower shortages. It is a fact that laborers entered Japan on a legal or illegal basis because of the abundant employment opportunities, and I believe there was the benefit of alleviating the supply-demand issue, but that benefit was an incidental one.

As Mr. Kano stated, globalization occurred in terms of products. After the rise in the value of the yen, manufacturers depended on foreign sources for parts production and rapidly established systems for the importation of such products. Benefits of such changes were considerable. If such changes had not taken place, small-and-medium-size businesses would probably have run head-on into a tight labor supply-demand situation at an early stage. In this sense, globalization definitely took place, and I believe the importation of products from overseas production centers had the effect of sustaining the boom on a long-term basis.

[Kano] I imagine software companies are experiencing a shortage of personnel. Enormous advances have been made in computerization compared to the Izanagi Boom period and the demand for software is very high. Manpower shortages are quite severe.

When the labor supply and demand situation gets as tight as it is now, bottlenecks normally occur in certain areas. However, this time around manpower arrived from overseas areas.

[Takagi] I don't mean to contradict your statement completely, but even in the case of simple laborers, the total at the most was 100,000 to 150,000.

[Kano] The important point, however, is how were bottlenecks and the risk of inflation avoided under such tight conditions at such a critical stage, even if their numbers were relatively small?

[Toshida] I wonder if considerable changes have been made in the wage and price determination process?

Despite the tight labor supply-and-demand situation, the rate of wage increases was not that high. I do not understand why that is the case, but I assume the foreign labor influx had some effect.

An Evaluation of the Current Phase of the Economy

Now, how do you view the current phase of the economy? The government's monthly economic report for September states the view that, " Our national economy reflects a slowing in residential investments, and capital investments are slowing but still strong in their underlying tone, while consumer spending remains firm. On the other hand, business profits are still at a high level and the labor demand-supply situation remains basicly tight. The national economy is gradually decelerating in this way, but continues to expand." The speed of the economy is slowing, but not to the degree that it is entering a recession. In this sense, I would interpret the economy as still expanding.

Mr. Takagi, how would you interpret the current phase of the economy?

[Takagi] In terms of the present phase of the economy, there is the possibility that residual momentum from the Heisei Boom is being misconstrued as a continuation of the economic expansion.

The reason for this viewpoint is that, first, money-tightening measures have been implemented for over two years and their effects have finally become visible, but accompanied by a significant decline in demand. The decline covers homes, automobiles, and many other items.

Second, although related to the foregoing, high interest rates have caused a long-term sluggishness in stock prices. This sluggishness has continued since the first part of 1990. This also has an adverse effect on the economy. It will have a negative impact on consumer spending because of the decline in asset values. And, there is a decline in equity financing which is critical to capital investments by large and medium businesses.

Third, the decline in stock prices exacerbates the restrictions imposed by the Bank of International Settlement (BIS) regulations, and has caused the banks to limit the issuance of loans. Seventy percent of the capital investments by small and medium businesses are covered by borrowings from banks, but they are very difficult to arrange at the present time. The money supply is falling.

Fourth is the U.S. recession that started in July of last year. That recession has finally hit bottom, but it has had the effect of restraining exports from Japan to the United States, as well as exports to Central and South America and other countries, because of the ripple effect it has on these areas.

These four factors have caused the start of an economic recession. I view this year's April-June period as a turning point for the economy in terms of such factors as growth rates, business profits, economic indices and production trends.

[Toshida] What do you mean by turning point?

[Takagi] Frankly speaking, we are talking of a peaking out. A peaking in the April-June period means that a recession started during the same period. I believe the recession will be gradual and can be termed an "economic recession without the feeling of a depression."

[Kano] The boom this time around has a stable structure and there should be no economic recession. A variety of incidents, such as the triple decline in prices in January of last year, the Iraqi attack on Kuwait in August 1990, the raising of interest rates, and the securities industry scandal of this year, occurred which had an effect on financial capital markets. Notwithstanding, the economy is stable. I believe the current economy possesses a stabilizing quality that makes it resilient to such blows.

For the economy to worsen, the first question is whether an internally caused adjustment is initiated. The second question is whether a policy-derived blow could be imposed. The third question is whether a foreign-country-derived blow could have an impact. My view is that none of these blows could have a significant impact.

Considering individual consumption and capital investment which are major factors in connection with the first question, people's income expectations have expanded relative to individual consumption because of the shortage of manpower. Furthermore, the search for comfort and convenience has become a permanent part of life-styles, and this has created new consumer demands. Consumption is of a more stable structure than at any time in the past.

Capital investments face very little pressure in terms of inventory adjustments. Expansion in capital investments this time around were characterized by independent investments and a comparatively small portion was devoted to investments for production capacity increases. Even in terms of inventory, inventory investment balance relative to GNP for the April-June 1970 period at the end of the Izanagi Boom was 3.6 percent, but was only 0.8 percent for the April-June period of this year. The reason for this is that we have seen advances in inventory management technology. Accordingly, moderate changes in inventory levels have only a small impact on the economy as a whole.

Relative to the second question, we are now in the midst of an interest rate reduction phase. Public works investments are at least economically neutral. Policy will hereafter be steered toward stimulation of the economy, so that a deterioration from this aspect should not occur.

Accordingly, the economic structure this time around is reasonably stabilized and, rather, was undergoing an adjustment phase since the end of last year because of the effects of high interest rates and the residual effects of the Gulf war. From this point on we should enter into a renewed expansion.

Inventory adjustments have already peaked. Interest rates are falling. Model changes for automobiles will be introduced in October and should stimulate consumption. Several conditions of this nature should coincide to induce an upward turnaround in the October-December period.

[Takahashi] Money-tightening measures were taken to cope with a substantial rise in asset values. However, since extremely high overall demand levels had been created by the upward valuation of assets, it appears residual demand has persisted for as much as one year. Therefore, I think we are in a declining phase based on asset valuation adjustments.

The use of the phrase, "deceleration phase," in terms of actual demand became appropriate after September or October of last year and after June of this year we have entered a declining phase. June indices are all bad except for those compiled under the household survey. The manufacturing index rose in July, but August will probably see a decline. Thus, if we were to designate an ending point, it would be May, meaning that this recent boom was sustained for 54 months.

Residential investments have declined and consumer spending is not necessarily good. The latter is stable for sure, but rose only 2.6 percent in the April-June period over the same period last year. This does not represent a propulsive force for the economy. In the April-June period, domestic demand grew 3.2 percent over the prior year period. Statistics of this nature reflect a situation in which businesses have fallen into a sales and profit decline. This trend became considerably clear in May and June, making it more appropriate to conclude that we have entered a period of decline.

Under these circumstances, there is one point that I am not too sure of and that is the treatment of the fact that there has been no change in the status of labor supply and demand.

Can We Expect Benefits From a Lowering of Interest Rates?

An opinion was expressed that we may see a turnaround in the October-December period, but the effects of lowering interest rates on the economy have declined considerably. Interest rates have declined somewhat, but we cannot take the optimistic view that the economy will turn around for this reason.

I also think it is premature to say that inventory adjustments have run their course. Rather, to the contrary, they will probably undergo quite a lengthy adjustment period.

[Takagi] On the contrary, I believe inventory adjustments are just beginning.

For example, inventories at the finished-product level have increased on a monthly basis for the past 13 months. A look at the 45-degree finished-inventory-cycle chart shows that the trendline has finally dropped to the lower right area of the 45-degree line in the April-June period. In other words, the growth in inventories is greater than the growth in shipments. Furthermore, inventory rates have risen.

Also, it will take nine months before the full effects of lower interest rates are visible. In this recent round of money-tightening which lasted over two years, the impact finally became apparent in the first part of autumn last year. Money-easing will take similar time to take effect.

The official lending rate was lowered on 1 July and will probably be lowered again soon, but the total effects of such changes will not be felt until some time in fiscal year 1992.

[Kano] Relative to inventory adjustments, the steel industry lags and will start from now, but as for other industries, petrochemicals finished theirs before summer and overall I believe they'll peak out this fall.

Furthermore, unless final demand grows, inventory adjustments will not be completed, but I believe automobiles will lead the way in a turnaround relative to final demand. New model introductions will be completed in October and I think we can expect benefits therefrom. The unfavorable sales pace of the recently introduced new model Corolla is a matter of concern, but I judge that to be a strategy error wherein the price was set too high. I believe sales of passenger cars will benefit beginning this autumn from the introduction of new models, and will turn around because recurring income is still at high levels and interest rates on auto loans will decline.

Effects of lower interest rates lag for sure, but long-term rates have been dropping gradually for some time. Inventory adjustments have passed their peak, interest rates have begun to fall and among items consumed, automobile purchases will increase. I feel the realization of these three conditions will result in a turnaround before too long.

[Takahashi] When speaking of adjustments, we still have adjustment problems pending in the area of land prices which have not been adequately adjusted and as more of a mid-term issue, we still must face the problem of manpower shortages. If we were able to cover all such requirements with imported labor, it would be a different matter, but it's a question of what we'll do if that doesn't work. In that sense, we'll have to face up to a lengthy adjustment period.

[Toshida] Mr. Takahashi presents as an issue the adjustment of manpower shortages, but does this mean that operating rates of businesses should decline?

[Takahashi] No, that is not the case. This is a story that is heard frequently among small and medium-size companies. They have an investment plan, financing has been arranged, but they've postponed actual investment because of the lack of sufficient labor. Unless we see some flexibility created in the labor supply situation, it will be impossible to see an upturn in the economy. Structural adjustments rather than economic cycles pose a more serious problem.

[Takagi] The economy peaked in the April-June period. The question is how long the declining phase will continue, but it should not be very severe. The economy will turn up in the first half of 1992. Several factors exist that will support real demand, such as the effects of money-easing and stabilization of prices.

The manpower shortage issue does not permit optimism, but I believe there is some underlying reserve strength. The female employment rate is now 50 percent. Looking at these statistics from the opposite side tells you that 50 percent are still at home and it should be feasible for them to work part-time or under other arrangements. Needless to say, such a change would require making provisions to accommodate their needs. The unemploymdent rate among the elderly is also quite high. Some progress has been made in the employment of the elderly, but there is room for expansion.

Even in the case of foreign labor, the time has come to accept simple laborers under a given set of conditions. Accordingly, the shortage of manpower should not become a restrictive factor in terms of growth for at least the next five years.

[Kano] Mr. Takagi's ideas are, theoretically, not very different from those that I embrace, but there is a difference of one or two quarters in terms of a lag.

[Takagi] Yes, you are right. I think we agree on the outlook for the next fiscal year.

[Toshida] What are your thoughts on residential investments? It appears that the decline is about to bottom out at the annual new-home-start rate of just under 1.4 million.

[Takagi] I don't foresee another decline, but I also do not anticipate a sharp rise. The same is true with automobiles which until now enjoyed explosive sales. Inventory adjustments reflecting these changes will take place. Once purchased, a car will hold up for at least two years. A house will last even longer. Accordingly, since growth in the past exceeded expectations, I don't foresee a speedy adjustment period and a return to recent growth rates.

[Takahashi] The new-home-start rate of 1.4 million, give or take a few, most probably includes previous backlog figures, and probably means a fairly large decline in new orders. There's the anticipation that land prices will undergo another round of decline and that interest rates will see one or two more declines. I don't see the housing starts moving upward again until both conditions are met.

[Kano] Demand based on exchange of old cars for new cars can be expected, because new-car-registration statistics indicated that an adjustment period has been continuing already for almost two years and this fall will see the introduction of new models with extensive changes in styling.

There is an extremely strong underlying demand for homes, and they will sell as long as prices come down. The problem, though, is how much land values will decline? People will not buy if they think prices will decline further in the future, but if they feel they have almost bottomed out, new home starts should not deteriorate very badly. However, for the near future, if the rate is 1.4 million for this fiscal year, next year will probably settle in the mid-1.3-million range.

Effect of Financial Policy on the Real Economy

[Toshida] Mr. Takagi listed the financial factor, BIS regulations and the "reluctance of banks" to lend as the background for the economic decline. What do you think of the effects of the financial area on the economy to include changes in asset values?

[Takagi] Recently, banks have been very cautious about issuing loans. There are two reasons for this, one of which is BIS regulations. Much will depend on future stock price movements, but if the Nikkei Dow Average continues to hover around 22,000 or 23,000 yen, there will be no room for issuing additional loans. If the average should break 20,000, they have to think in terms of recalling loans.

Second, the bursting of the bubble has caused quite a problem with loans where real estate was used as collateral. This means that so-called credit risk has increased over the past. The result is that financial institutions must be cautious about future loans. These factors will have the effect of sustaining the slowdown in growth of the money supply and will cause a negative effect on the real economy from the financial area.

[Kano] City banks control no more than 35 percent of the money supply. Even if the city banks are reluctant to issue loans, I don't believe a credit crunch effect will come into play because small and medium banks, excluded from BIS regulation, and life insurance companies will expand their lending operations.

Further, an increase in the credit risk may, to the contrary, be considered a healthy phenomenon from a long-term viewpoint. If one considers the Japanese economic situation, one wonders why an increase in credit risk becomes a negative factor, in view of the fact that sound capital investments provided conditions that enabled healthy firms to grow.

[Takagi] I imagine financial institutions will restrict loans on a psychological basis until the bubble problem settles down.

[Takahashi] Although the Bank of Japan has taken a money-easing stance with such measures as a lowering of the official interest rate, their effect is weakening. In this respect, I think we need to consider, to a degree, the effects of a financial recession similar to that experienced in the United States.

[Toshida] Recently, market interest rates have declined. It is difficult to understand how market interest rates could take the lead in a decline when financial institutions are reluctant to issue loans.

[Takagi] It is true that market interest rates are falling and this means that fund-procurement costs of financial institutions are down, but there is some question whether we can see an increase in lending volume. I think money-easing this time around will differ from the past in that we will not see much of an increase in loan volume, despite a considerable drop in interest rates. The United States is undergoing a situation of this nature where the credit crunch does not go away, despite a considerable easing of money. This is a case where the main cause of the credit crunch is not monetary policy but, in reality, consists of BIS regulations and bad real estate loans.

[Toshida] However, in the case of the United States, long-term rates are not declining as contemplated. In the case of Japan, they are declining. This is what I don't understand. Why is it that interest rates fall, but loans do not grow?

[Takagi] We are feeling the effects of the bursting of the bubble, an unprecedentedly difficult situation, and BIS regulations.

[Takahashi] Rather, money-easing by the Bank of Japan represents a measure for rescuing the financial institutions. Money demand itself is weak. This is why market interest rates are declining.

[Toshida] Is demand for money that weak?

[Takagi] The rate of the increase of loans issued has dropped considerably over last year from the position of city banks. However, there still exists some demand for loans. The situation is such that the banks are unable to accommodate all loans even at these weakening fund requirement levels.

[Toshida] However, isn't this a case where loans are merely being made on a selective basis?

[Takagi] A growth in money supply of 2.8 percent was recorded in August, the lowest level since the compilation of this statistic was initiated. The short-term prime rate was dropped prior to August and the official interest rate was dropped in July. In July, the restrictions on increasing loans were also lifted. Normally, this would result in an increase in loan activitity, but instead the rate of increase declined further in August. This decline was not limited to city banks, but took place with financial institutions as a whole. This phenomenon relates to the overall slowing in the money supply.

[Toshida] I get the feeling that this situation represents a temporary factor from the effects of the financial scandals?

[Takahashi] However, off-the-book values have disappeared and the assets of banks have deteriorated. Also, banks face considerable difficulty in coping with BIS regulations.

Have Investment and Inventory Cycles Disappeared?

[Toshida] Mr. Kano stated that adjustments in capital investment inventory and inventory cycles will be very limited. Do we have any comments on this aspect?

[Takagi] They say capital investment cycles run for 10 years, but the longevity of past cycles are not that clear-cut. In terms of the special characteristics of recent cycles, I agree with Mr. Kano. Independent capital investments represent the prevailing portion, while capital investments in the nonmanufacturing sector have grown. Computer investments have also increased and inventory adjustments of capital investments are no longer applicable. The economic white paper for this year is in agreement with this opinion.

In terms of inventory cycles, we cannot deny that the role of inventories has decreased considerably compared to the days of high growth. However, I do believe we will still have inventory cycles. If inventories become excessive because of lack of adequate sales, production must be dropped to adjust the excess in stocks. Once that stage is passed, active replenishment of stock takes place. In this respect, this year's white paper makes a rather bold analysis in stating that the role of inventory adjustments has disappeared, but inventory cycles cannot be ignored.

[Takahashi] Under the current situation, there's hardly any inventory adjustments relative to capital investment. There are some industries where excess production capabity exists, such as in paper pulp and textiles, but as a whole, as reported in the Bank of Japan short-term outlook, the feeling of a shortage of plant capacity continues.

I agree with Mr. Takagi on inventory cycles, but recently we need to somewhat discount the high level of inventories in terms of whether or not they include leftovers from previously slower-than-expected sales. I think a typical example of this situation is the one in which the Toyota distributor network is no longer a dedicated Toyota authorized dealership system. Changes taking place in the distribution systems can result in inventory stocking and a subsequent inevitable buildup of inventory levels.

Future Outlook—When Will the Adjustment Phase End?

[Toshida] Next, I would like to hear your views on the outlook for the future. What are your views on trends from the second half of this fiscal year through the next fiscal year? Mr. Takahashi has expressed the view that the adjustment period will be lengthy, but what is the outlook?

[Takahashi] We will be going into a financial recession-type of economy. Plans call for an 8 percent increase in capital investments, but in reality they will be revised downward in the latter part of the fiscal year and will slow to unchanged or a slight increase over the prior year.

For reasons stated earlier, residential starts will not recover for some time. Consumer spending is firm for sure, but its growth has slowed to 2 percent, and for next year it is difficult to conceive of a condition where consumer spending recovers once again and propels the economy.

For this reason, a serious adjustment will take place between the second half of this fiscal year and next year, with a continuation of a "depression with a feeling of depression." Next year's growth rate will probably be in the 2 percent range.

[Kano] This fiscal year's GNP growth rate will be about 4 percent. Next year, it will be in the 4 percent range, putting it considerably above current real rates.

In terms of demand, individual consumption will continue at a high level. The rate of increase in nominal wages will be minimally below this fiscal year's rise. The consumer price increase in this fiscal year was close to 3 percent, but will be less than 2 percent in the next fiscal year. As a result, real income growth will be higher than this fiscal year, providing for an estimated 4 percent increase in individual consumption. Capital investments will rise about 7 percent, because of lower interest rates and a recovery in business profits.

Furthermore, exports should improve over this year. The world economy will improve in the future as the U.S. economy bottoms out at the present time. Japanese products have become an integral part of the world economy and are now attempting further growth. Incomes in Asian countries have risen, and there is a demand for expensive Japanese products. England will begin using Japanese advanced technology, and exports will grow as European demand for Japanese products grow. There are no elements which should cause a downturn in the economy next year.

[Takagi] My views agree somewhat with those of Mr. Kano on that point. I feel that the downturn this time around will hit bottom in the first half of next year and the economy will expand thereafter. The main factors for this trend will result from the full effects of financial-easing and the continuation of price stability. These factors will increase real demand. By then, inventory adjustments will be completed. In addition, the world economy should recover.

The U.S. economy will remain unsettled for the rest of this year, but should improve somewhat after next year. Germany is somewhat a matter of concern, but Europe will enter a recovery period.

Furthermore, the Basic Public Works Investment Plan calls for 430 trillion yen of public works over 10 years, and a considerable portion of this will probably be spent under next year's budget. These projects should have the most benefit in rural areas.

Since no unusual benefits can be expected in the next fiscal year, economic growth this fiscal year will be somewhat under 3.5 percent and about the same in the next fiscal year. Growth restricted to a single fiscal year will be stronger in the next fiscal year.

"Key" is Capital Investment

[Takahashi] Next year's outlook depends on whether or not capital investments are projected at the 7 or 8 percent rate. Concerning the procurement of funds for capital investments, the situation is such that the prospect of arranging for refinancing of existing equity financing has not been determined. Furthermore, business will have considerable difficulty in covering funding requirements for actual investments. Next year's capital investments will not grow at all or very nominally. This being the case, it will be difficult to expect a recovery in the second half of the fiscal year.

[Toshida] It appears the largest portion of equity financing will become due in the year after next. On a macroeconomic basis the money recirculates in the economy so that its impact should not be very serious. However, in the area of business financing for individual firms, it will represent a big burden.

[Takahashi] From an individual business position, companies raise 20-30 billion yen in equity financing and some dedicate the full amount to capital investments, while some use the funds to engage in financial investments and there may be some that have lost about half of such funds. At any rate, these are funds that had a repayment deadline for which consideration had not been given and now they must face that reality. If they are able to cover that requirement with bank loans, it would be fine but if not, they'll face some difficulties.

[Toshida] Resolution of such problems depends to a degree on the price of a company's stock so its hard to predict what will happen.

I imagine capital investments is the main issue.

[Kano] The driving force behind growth is capital investment. I don't think capital investments will be interrupted because of restrictions in the procurement of funds for capital investments. The availability of funds in the Japanese economy as a whole is largely dependent on the discretion of the Bank of Japan, but I believe money-easing will take place because of price stability. Manpower shortages, investments in information technology and the upgrading of investments will continue. Furthermore, capital investments continue at a firm pace in such areas as capacity expansion investments in industries lacking adequate capacity, led by social service industries.

[Toshida] Mr. Takahashi, are you pessimistic about the U.S. economy, too?

[Takahashi] There are strong signs of a financial recession. The debt balances are high and money-easing cannot be expected to the point where some of this debt can be liquidated. I believe the United States is in worse shape than Japan.

[Takagi] The credit crunch in the U.S. economy is of a somewhat serious nature, because it finds its origins in the real estate depression. However, this condition will be alleviated to a degree as we enter next year. The effects of recent money-easing will be seen after a given lag period and prices are very stable. Therefore, this year will record somewhat of a negative growth rate, but next year will see a 2.5 to 3 percent growth rate. In the past, initial growth rates in the early stages of a recovery ran at 6 to 7 percent. By comparison, the recovery rate will be lower, but should continue to expand in the recovery stage.

Mobile Policy Management

[Toshida] Please present any requests you may have in the area of policy.

[Kano] I think financial policy should be handled in a more straightforward manner. I don't think there is a possibility of a recurrence of the bubble economy. Prices have completely stabilized, and when it is clear that the economy is slowing down in a big way, we should adjust interest rates in a somewhat more straightforward manner. In the near term, we should also reduce the official interest rate by 0.5 percent.

Furthermore, are we going to take action on public works investments as an economic countermeasure? The Ministry of Finance should handle financial operations with a somewhat stronger emphasis on macroeconomics.

[Takahashi] Money should not be eased at this stage. Land prices have not come down enough.

[Takahashi] Rather than referring to money-easing, we are dealing with adjustment of interest levels. The overheated excessive demands which exceeded underlying capacities have been eliminated as a result of the official interest rate's being increased to 6 percent. Accordingly, I feel that it is only proper that interest rate levels are adjusted.

[Takahashi] However, there's a separate element called BIS regulation. Moreover, stock prices have fallen and bank assets are in very bad shape, putting a lid on interest rates. Under present conditions, a drop in interest rates would have hardly any impact, but rather could possibly create the negative expectation that land prices will appreciate in the future.

From the financial aspect, conditions are not such that there is a need to stimulate demand. In fact, there is no need to take hasty action because there's a possibility of a revenue shortfall. Rather, in reality, it is more urgent that the Ministry of Finance clarify whether or not all the scandals have been uncovered, and ensure that the surveillance committee take strict action in response to the scandals.

[Takagi] Although financial policy is said to be less effective than in the past, they are not completely ineffective. Therefore, financial policy should be exercised on a more mobile and flexible basis in response to the slowing of the economy.

Of special note is that the official interest rate is very slow in moving down. When it was in the upward trend, it was repeatedly raised as a preventative measure. We should be flexible in making downward adjustments.

Financially, there is the issue for sure of a revenue shortfall, but we should probably now compile a supplemental budget for the Basic Public Investment Plan. There is probably a necessity to aggressively initiate additional public works projects.

[Toshida] Finally, on a mid-term basis, what is your estimate of Japan's underlying growth rate?

[Takahashi] About 2.5 percent. Accordingly, the Bank of Japan and the Monthly Economic Report used the term, "slowing," but if their opinion is that there is no depression as long as the economy grows slightly under 3 percent in the sense that it makes a soft landing on the underlying growth trendline, I am in agreement.

[Kano] Since 2.5 percent would reflect only the improvement in productivity, I feel the underlying growth rate would be 4-5 percent.

[Takagi] I would put it at plus or minus 4 percent.

[Toshida] Tentatively, the government in its 1987 "Five-Year Plan for Operation of the Economy—The Japan That Co-Exists With the World" carried a rate of 3.75 percent as the growth rate on a mid-term basis, is making an effort to realize a soft landing in that area, and does not think the rate will be in the 2 percent area.

[Takahashi] If that is the case, the current economy falls considerably below the target line.

[Toshida] On a mid-term basis, we are of the opinion that the economy will grow at around 4 percent in terms of domestic demand, but the questions are, how will automobiles, home building and construction fare in the interim, and how will capital investments fare in the next fiscal year? Finally, we need to keep an eye on whether or not the economy will grow along the lines of the underlying growth target on a mid-term basis.

I thank you for attending today's roundtable discussion.

Sony To Sell Digital Microcassette Recorder

OW1701103992 Tokyo KYODO in English 0819 GMT 17 Jan 92

[Text] Tokyo, Jan. 17 KYODO—Sony Corp. will February 21 begin marketing a compact digital audio tape [DAT] recorder that can record and play sound using a stamp-size microcassette tape, the company said Friday.

The new product, called "Scoopman," weighs 147 grams including battery, and measures 113 millimeters in length, 23 millimeters in height, and 55 millimeters in width, the company said.

The DAT machine, which can run for up to seven hours continuously with a dry cell, will be sold for 100,000 yen per unit.

Using a microcassette that measures 30 millimeters in length, 23 millimeters in height, and 55 millimeters in width, the Scoopman can record and play digital sound for up to two hours continuously, Sony said.

The company said three types of microcassette tapes will be offered, including a 60-minute tape for 1,100 yen, a 90-minute tape for 1,400 yen, and a 120-minute tape, the price of which remains undecided.

Sony said it plans to initially produce 3,000 of the new product per month.

Mongolia

Premier Dashiyn Byambasuren, Cabinet Resign

LD1601121392 Berlin ADN in German 1120 GMT 16 Jan 92

[Excerpt] Ulaanbaatar (ADN)—Mongolian Premier Dashiyn Byambasuren today tendered his cabinet's resignation in the parliament in Ulaanbaatar, the People's Great Hural. At the conclusion of his report on the government's work, he said that he is taking this step because of criticism by other deputies of his economic policies. Parliament has to decide whether to accept the resignation by the end of the day, after a debate on the premier's report. [passage omitted]

President Ochirbat Signs Constitution 15 Jan

OW1501190692 Beijing XINHUA in English 1654 GMT 15 Jan 92

[Text] Ulaanbaatar, January 15 (XINHUA)—Mongolian President Punsalmaagiyn Ochirbat today affixed his official seal to the new Mongolian constitution, which first introduces a multi-ownership economy in the country.

Under the new constitution, Mongolia will develop multi-ownership economy which goes with the main stream of world economy and conforms with the special conditions of this country.

It also stipulates that the state admits various forms of both private and public ownerships.

The new constitution, the fourth one for nearly 70 years after the founding of Mongolia, was adopted by the Great People's Hural (Congress) of Mongolia on Monday.

New National Emblem, Flag Revealed at Ceremony

OW1501185392 Beijing XINHUA in English 1707 GMT 15 Jan 92

[Text] Ulaanbaatar, January 15 (XINHUA)—The new Mongolian national emblem and flag were shown at the grand ceremony this morning, during which Mongolians celebrated a new constitution signed by President Punsalmaagiyn Ochirbat.

All the representatives of the Mongolian Great People's Hural, leaders from various government departments and diplomatic envoys to Mongolia attended the gathering.

The new national emblem has a white lotus base and is edged with lace patterns which symbolize long life.

Blue color symbolizing eternal sky is used at the bottom of the emblem, at the center stands a white treasure horse with a pair of wings.

At the upper part of the emblem are three precious gems, signifying the realization of man's hopes in the past, present and future.

Below the gems are green mountain shape patterns symbolizing Mongolia's mountains and rivers and turning wheels entwined with a hada [piece of white silk used as a gift], signifying happiness and auspicious. [word as received]

The only difference between the new national emblem and the old one is that the golden five-star at the upper left of the original emblem has been removed.

Along with the new constitution, the new national emblem and flag will be come into use on February 12.

North Korea

Crash of U.S. U-2 Reconnaissance Plane Noted

SK1701122692 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 17 Jan 92

[Text] According to a radio report from Seoul, a U-2 high-altitude reconnaissance plane of the U.S. imperialist aggression forces crashed in the South Korean East Sea on the evening of 15 January due to a defect. The pilot in the reconnaissance plane died on the spot.

THE WASHINGTON POST, a U.S. newspaper, pointed out that it is conjectured that the plane had the duty of taking pictures of a target in a district of the northern half of the Republic.

Igor Rogachev Arrives From Russian Federation

SK1701103992 Pyongyang KCNA in English 1029 GMT 17 Jan 92

[Text] Pyongyang January 17 (KCNA)—Igor Rogachev, who is special envoy of the Russian president and ambassador in charge of special missions of the Foreign Ministry, arrived here today.

Present at Pyongyang railway station to meet him were Vice-Minister of Foreign Affairs Yi In-kyu and Ambassador of the Russian Federation to Korea Aleksandr Kapto.

U.S. Cited on Japan's Plan To Secure Plutonium

SK1701021092 Pyongyang Korean Central Broadcasting Network in Korean 1500 GMT 16 Jan 92

[Text] According to a report, on 15 January, Paul Lenventhal, director of the U.S. Nuclear Control Research Institute, pointed out that an important obstacle in the denuclearization on the Korean peninsula is Japan's plan to secure plutonium. He urged the U.S. Government to block this plan.

He talked about Japan's plan to secure 100 tons of plutonium in the future and revealed the fact that South Korea concluded a nuclear reprocessing agreement, which is similar to Japan's, with the United Kingdom.

Daily Denounces Japan's Defense Buildup Plan

SK1601051192 Pyongyang KCNA in English 0444 GMT 16 Jan 92

[Text] Pyongyang January 16 (KCNA)—Japanese Defense Agency Director-general Sohei Miyashita reportedly said that the cancellation of the joint military exercises of the United States and South Korean authorities this year will have no direct effect on the review of Japan's "medium-term defense buildup plan," and that twists and turns are expected in the process of North-South dialogue and Japanese defense should not be easily affected by a single move.

A news analyst of NODONG SINMUN today, commenting on this, says:

This remark of the Japanese Defense Agency director-general reveals Japan's intention to continue with the buildup of armed forces irrespective of positive changes in the situation of the Korean peninsula.

The Japanese military quarters, obsessed with an anachronistic way of thinking, are scheming to build up their armed forces. This goes to prove that they are invariably seeking to gratify their desire to turn Japan into a "military power."

When Japan has fulfilled her current "medium-term defense buildup program" covering fiscal 1991-1995 the "Self-Defense Forces" [SDF] will obtain military capabilities of attacking any areas of Asia.

What should not be overlooked is that Japan is making haste with the manufacture of nuclear weapons.

Even U.S. publications warned against Japan's nuclear ambition, saying Japan is "purchasing large quantities of plutonium beyond peaceful purposes."

Some Japanese, lost to reason, are rushing headlong along the road of arms buildup in pursuance of their ambition to turn Japan into a "military power," a "nuclear power" because they intend to materialize their design for overseas aggrandizement and thus revive the old dream of "greater East Asia coprosperity sphere."

This is illustrated by Japan's attempt to dispatch the "SDF" overseas.

Such attempt, however, is a foolhardy challenge to the global trend toward detente and peace.

The Japanese military authorities must act with discretion, mindful that the peoples of many Asian countries are watching Japan's actions with vigilance.

'Top Emergency Order' Issued for Miyazawa Visit

SK1701050592 Pyongyang KCNA in English 0424 GMT 17 Jan 92

["'Top Emergency Order' in Seoul Upon Japanese Prime Minister's Tour of South Korea"—KCNA headline]

[Text] Pyongyang January 17 (KCNA)—The South Korean ruling group issued a "top emergency order" to police in Seoul on January 16 upon the South Korean trip of Japanese Prime Minister Miyazawa, a Seoul-based radio reported.

Anti-Japanese rallies and demonstrations are taking place in South Korea every day and the anti-Japanese sentiments of the people are running higher with the tour of the Japanese prime minister as an occasion.

Upset by this, the authorities issued the "top emergency order" in the city and are increasing guard around the embassy and other Japanese institutions by mobilizing more than 10,000 policemen of 100 companies.

People in South Protest Miyazawa Visit

SK1701051692 Pyongyang KCNA in English 0431 GMT 17 Jan 92

[Text] Pyongyang January 17 (KCNA)—Protests against the trip of the Japanese prime minister are continuing in South Korea, according to a radio report from Seoul.

The South Korean Council of Christian Churches in a statement on January 15 said that the Japanese Government must be responsible and apologize for the brutal colonial domination and the war in the past and compensate for the damages.

The Japanese imperialists' immoral action of having taken away even primary schoolgirls as "comfort girls" must be judged by history, the statement noted.

The Association of Bereaved Families of Martyrs in a statement on the same day called for apologizing for the brutalities committed by the Japanese imperialists against our nation and compensating the victims of forcible drafting.

It sent a statement of protest to "Chongwadae" and "emperor" of Japan.

And members of the association of the bereaved families of the merited persons of the independence movement and the association of bereaved families of the Pacific war victims, students under the Seoul Regional Council of Women Student Representatives and Members of the Measure Council of the Volunteers Issue struggled against the South Korean tour of the Japanese prime minister.

Embassy Officials Attend PRC Friendship Meeting

SK1701050692 Pyongyang KCNA in English 0414 GMT 17 Jan 92

[Text] Beijing January 16 (KCNA)—The Chinese Foreign Ministry arranged a friendship gathering with officials of the Korean Embassy here at the Diaoyutai Guest House in Beijing on January 15 on the occasion of the New Year 1992.

Xu Dunxin, vice-minister of foreign affairs of China, in his speech said that last year the Korean people achieved great successes in socialist construction under the leadership of the great leader Comrade Kim Il-song and the Workers' Party of Korea.

Noting that remarkable progress was made last year in the struggle of the Korean people to reunify the country in a peaceful way, he said that the adoption of the "Agreement on Reconciliation, Nonaggression, Cooperation and Exchange Between the North and the South" and the initialing of the "Joint Declaration on Denuclearisation of the Korean Peninsula" were a great success.

The China visit of the great leader Comrade Kim Il-song in October last year and the Korea visit of Premier Li Peng in May in particular recorded a new chapter in the history of the ever developing Sino-Korean friendship, he said, adding: The Chinese people will in the future, too, make active efforts to strengthen and develop this friendship.

Daily Views Importance of Nonaligned Movement

SK1301110792 Pyongyang KCNA in English 1007 GMT 13 Jan 92

["Non-Aligned Movement Opposes Domination and Subjugation and Champions Independence"—KCNA headline]

[Text] Pyongyang January 13 (KCNA)—The Non-aligned Movement is a movement which opposes domination and subjugation and champions independence, says NODONG SINMUN in an article Sunday.

The article quotes the great leader Comrade Kim Il-song as saying in his New Year address:

"The Non-Aligned Movement is a movement which opposes domination and subjugation and champions the independence of countries and nations and it is of great importance as ever."

Noting that the Non-Aligned Movement is of weighty importance as ever in building an independent, new world free from all manner of domination, subjugation and interference, the article says:

From the days when it emerged an independent political force in the arena of history, this movement has taken it as its noble purpose to object to domination and subjugation and defend independence.

It has struggled against the imperialists' policy of aggression, war, domination and subjugation and is till continuing it. And it is now struggling to prevent the danger of a new war, a nuclear war and safeguard world peace and security.

The Non-Aligned Movement is still important also because it is a movement that defends the independence of the countries and the nations.

Pointing out that independence is the basic idea of the Non-aligned Movement, the article says the movement is required more urgently to resolutely struggle to defend the independence of the countries and the nations.

The article continues:

The present situation demands that the Non-Aligned Movement be strengthened and developed in conformity with the desire of the world people to build an independent, new world.

The imperialists are trying to make the Non-Aligned Movement deviate from its basic idea and principles and prevent its influence. They are blaring that the idea and principle of the Non-aligned Movement and the movement itself are no longer necessary and scheming to make the movement powerless by "depoliticizing" it.

If the Non-Aligned Movement is to fully discharge its mission and role under this condition, it is most important for the movement to adhere to its basic idea and principles.

The non-aligned countries should answer the imperialists' separatist and alienating moves with the strategy of unity to thwart them.

They should further develop economic cooperation and exchange on the principle of collective self-reliance, complete equality and reciprocity on the basis of the achievements and experience gained in the development of South-South cooperation.

Our Republic, as a dignified member of the movement, will further strengthen friendship and cooperation with the non-aligned nations and make strenuous efforts to strengthen and develop the movement.

Kim Chong-il Receives Messages From India, Egypt

SK1601102892 Pyongyang KCNA in English 0959 GMT 16 Jan 92

[Text] Pyongyang January 16 (KCNA)—The dear leader Comrade Kim Chong-il received messages from a joint meeting of the members of the Asian Regional Institute of the Chuche Idea and members of chuche idea study groups of India and from a meeting in Cairo, Egypt, held to hail his election as supreme commander of the Korean People's Army [KPA].

The messages noted that the election of Comrade Kim Chong-il as supreme commander of the Korean People's Army is an expression of the respect and trust of the Korean people and KPA officers and men for him.

They said: The KPA is an internationalist army against imperialism and colonialism and it valiantly fights for the victory of the world revolution.

Comrade Kim Chong-il has thoroughly embodied the chuche idea in all fields of the state activities with his indefatigable energetic efforts and strengthened the country's defence capacity in every way.

The messages wished Comrade Kim Chong-il good health and a long life.

WPK Receives Messages From Sweden, Venezuela

SK1701045792 Pyongyang KCNA in English 0408 GMT 17 Jan 92

[Text] Pyongyang January 17 (KCNA)—New Year messages came to the Central Committee of the Workers' Party of Korea [WPK] from party leaders of various countries.

Rolf Hagel, chairman of the Labour Party-Communists of Sweden, in his message congratulated the Central Committee of the Workers' Party of Korea on its great success in the purposeful and patient struggle for making the whole of Korea a nuclear free zone. He noted: This success fully conforms with the aspirations of the world progressive forces for disarmament, detente and security and will make a positive contribution to realizing the country's reunification.

Extending best wishes to general secretary of the Central Committee of the Workers' Party of Korea Comrade Kim Il-song and to the WPK, he hoped for their great success in 1992.

He wished Comrade Kim Il-song a long life in good health.

In his message, General Secretary of the Communist Party of Venezuela Trino Melean sincerely wished the Central Committee of the WPK fine success in the struggle for realizing the ardent desire of the Korean people for reunification and the Korean people wellbeing.

WPK Sends Replies to Foreign Party Leaders

SK1601044992 Pyongyang KCNA in English 0422 GMT 16 Jan 92

[Text] Pyongyang January 16 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] sent messages to foreign party and party leaders in reply to their messages of greetings upon the election of the dear leader Comrade Kim Chong-il as supreme commander of the Korean People's Army.

The WPK Central Committee replied to the Political Bureau of the Central Committee of the Constitutional Democratic Rally of Tunisia; Yaqub Zayadine, general secretary of the Central Committee of the Jordanian Communist Party; Karemera Edouard, national secretary of the National Republican Movement for the Democracy and Development of Rwanda; Nicolas Mayugi, secretary general of the Central Committee of the Burundi Party of Union of National Progress; and Ambroise Edouard Noumazalaye, general secretary of the Central Committee of the Congolese Party of Labour.

The WPK Central Committee in its reply messages expressed thanks for warm congratulations to the dear leader Comrade Kim Chong-il upon his election as supreme commander of the Korean People's Army.

Expressing the belief that the friendly relations between the WPK and the above-said parties will grow stronger and develop in the future, the WPK Central Committee wished them greater success in the work for the strengthening and development of the party and the prosperity of the nation.

Workers, Peasants Hold Rallies To Fulfill Tasks

SK1601043992 Pyongyang KCNA in English 0404 GMT 16 Jan 92

[Text] Pyongyang January 15 (KCNA)—Provincial, city and county mass rallies and meetings of employees of factories and enterprises and peasants of cooperative farms were continuously held to carry through the tasks set forth by the great leader President Kim Il-song in his New Year address.

The reporters and speakers at the mass rallies and meetings said that the New Year address of the great leader President Kim Il-song is a highly important guideline to effect a new upswing in socialist construction this year and a great programme which brightly indicated the road of the nationwide struggle for national reunification.

They pointed to the measure for increasing the output of electricity and coal and develop the rail transport, the most important and urgent tasks arising in socialist economic construction this year.

Referring to the task to make this year, the year of put-greater-efforts-into-agriculture, a year of bumper harvest, they said that they will do farming on a scientific and technological foundation as demanded by the chuche farming method to attain the goal of grain production set forth by the party.

They stressed the need to produce more mass consumer goods of good quality in the revolutionary spirit of self-reliance and hard struggle in response to the party's line that calls for bringing about a radical change in light industry, and extensively build modern dwelling houses to more satisfactorily solve the housing problem for the people.

They said that the scientists and technicians should press on with the fulfilment of the three-year plan for the development of science and technology, and they called for gaining a greater success in educational work this year which coincides with the 15th anniversary of the publication of the theses on education and waging an active struggle to accelerate the independent and peaceful reunification of the country.

Resolutions were adopted at the mass rallies and meetings.

Pyongyang Tramway Construction Progress Noted

SK1601152092 Pyongyang KCNA in English 1500 GMT 16 Jan 92

[Text] Pyongyang January 16 (KCNA)—The construction of the Munsu-Tosong Tramway linking the eastern district of Pyongyang with its southern district, the second-stage tramway project in the capital city, is progressing fast.

The soldier-builders who have turned out in hearty response to the party's intention to improve traffic conveniences for the citizens of the capital have nearly completed the construction of more than 12 km long roadbed and are stepping up the construction of the parking lot in the final stage.

The soldier-builders in charge of roadbed construction excavated 38,000 cubic metres of earth, spread 10,000 cubic metres of ballast, paved an area of 100,000 square metres and assembled 8,000 cubic metres plate pre-fabs in a period of four months or more.

The builders of the parking lot carried out tens of thousands of cubic metres of earth work and concrete tamping, pre-fab assembling, brick-laying and plastering in sixth months. In this course, a maintenance depot, a tram-washing building, resting rooms and other buildings with a total floor space of 14,000 square metres have made their appearance.

The underground structures and compound pavement have been completed and compound rails extending more than 5,000 metres have been laid.

The builders are accelerating their work to complete the Munsu-Tosong Tramway construction in a short time.

Daily on Removing Obstacles to Reunification

SK1601124392 Pyongyang Korean Central Broadcasting Network in Korean 0012 GMT 15 Jan 92

[NODONG SINMUN 15 January special article: "Obstacles in the Way of National Reconciliation and Unity Should Be Removed"]

[Text] As emphasized by the great leader Comrade Kim Il-song in his New Year address, the adoption of the Agreement on Reconciliation, Nonaggression, and Cooperation and Exchange Between the North and South last year is a great victory in the entire process of national struggle to fulfill the three-point principle of the fatherland's reunification. It is an historical event which provided a new milestone in the road of achieving the fatherland's reunification.

Along with the 4 July South-North joint declaration, the North-South agreement adopted this time is the most just program to promote the fatherland's reunification. It coincides with our nation's demand to reunify the fatherland independently and peacefully and it correctly reflects the current trend moving towards independence and peace. Currently, all the Korean people are hoping that this agreement will be sincerely fulfilled so that the road for the fatherland's reunification can be opened as soon as possible.

The great leader Comrade Kim Il-song has taught: Based on the three-point principle of the fatherland's reunification, the North and South must sincerely fulfill the North-South agreement in conformity with the desire of the whole nation and the expectation of the world's people. By doing so, the fatherland's reunification must be hastened as soon as possible.

The Agreement on Reconciliation, Nonaggression, and Cooperation and Exchange Between the North and South is a proclamation of the whole nation's firm will to resolve the issue of the nation's peace and reunification through the nation's strength by reconciliation and unity between the North and South.

The changed environment in which the North-South agreement was adopted demands that the North and South not confront each other but unite, based on the love of the fatherland and spirit of national independence, and resolve the issue of peace and reunification independently and peacefully.

What is important here are to abolish all legal and systematic devices, such as the National Security Law, by which the South Korean authorities regard their fellow countrymen as enemies, to proceed from the position of achieving reconciliation and unity with us, to release immediately all democratic figures working to achieve reunification who were arrested and imprisoned for visiting the North or meeting with North compatriots overseas to discuss reunification, and to ensure their freedom of activity.

This can be regarded as a touchstone in determining whether the South Korean authorities can truly fulfill the North-South agreement, which was signed before the whole nation and the world while sitting face to face with us.

The existence of the National Security Law—an antireunification, fascist vicious law—in South Korea, which originally regarded its fellow countrymen with hostility, is an unforgivable law, even though it was established before the adoption of the North-South agreement.

Even though our nation is divided into the North and South, we are of one nation that cannot live separated. In the past, with one blood line and language, our nation remained as a single nation, with our people living together in the same land while creating a superior national culture. Even though the North and South have different ideologies and systems, this can by no means be a condition of hostility between the fellow countrymen.

From the first day the county was divided by outside forces, whether one lives in the North or South, our nation gave priority to the nation's common interest and subordinated everything to this purpose, maintained that unity be achieved based on the love of the fatherland and the spirit of national independence, and struggled to realize this.

The fact that a vicious law like South Korea's National Security Law, which not only regards the fellow countrymen as enemies but also regards holding contacts and dialogues with each other as a cause for suppression, exists in our nation is a disgrace to our nation and a law which absolutely cannot be forgiven.

In South Korea, confrontation between the North and South is being advocated, the National Security Law which regards fellow countrymen with hostility is being maintained, and patriotic figures working to achieve reunification including figures who visited the North are not being released. These acts run counter to the nation's trend of persisting to achieve reunification through the confederal system based on great national unity and the South Korean people's intention.

Our nation's enthusiasm to achieve the fatherland's reunification independently and peacefully in the 1990's without fail is extraordinarily high. Currently, the South Korean people and compatriots overseas, whether they are politicians, businessmen, or religionists, are all knocking at the door to hold dialogue for reunification, calling for alliance with communism and the North.

Therefore, a stark fact is that the people who in the past stood on the road of anticommunism and committed crimes before the country and nation by opposing the fatherland's reunification repented their mistakes. They are hastening onto the road to achieve reunification through alliance with communism and the North.

It is natural for the people to pool strength and unite in the struggle for national reunification. National reunification can be successfully achieved only with the united strength of the nation.

When all of the people are reconciled and firmly united as one, it will at once lead to the national reunification for which the fellow countrymen have hoped.

Today's situation, which is rushing along the road to national reunification, requires that all Korean compatriots, regardless of who they are, where they live, and whatever their occupation, make tangible contributions to the cause of national reunification, with those who have strength by giving strength, those who have knowledge devoting knowledge, and those who have money donating money, according to their environment and conditions.

Keeping the fascist evil anticommunist law and suppressing the patriotic forces aspiring for reunification by applying that law against them, because they have broken the law, at a time when the Korean people who love the country and people and who aspire for national reunification by rising up in the sacred struggle for national reunification is an act that can be committed only by the traitors who do not want national reunification and prosperity.

To keep such an evil antireunification law as the National Security Law in place in South Korea runs completely counter to today's changed situation following the adoption of the North-South agreement.

Through the agreement, the North and South have once again confirmed the three principles for national reunification stated in the 4 July joint statement and have declared at home and abroad a firm will to make a joint effort to fulfill their firm commitment to nonaggression, to prevent armed aggression and clashes and guarantee peace by obviating the state of political and military confrontation, to promote common national interests and prosperity, and to realize a peaceful reunification of the country by realizing multifaceted cooperation and exchange.

The North-South agreement requires that the South Korean authorities boldly abandon their confrontational policy of the old era and take a stand for genuine reconciliation and unity.

If the South Korean authorities pursue a confrontational policy as they did in the past while agreeing on adopting the agreement, the agreement will be meaningless.

Facts clearly show that the South Korean authorities have no justification for keeping the notorious National Security Law in place or keeping figures under arrest and imprisoned for breaking the evil law by visiting the

North, as well as keeping the democratic people who aspire for reunification behind the bars.

The South Korean authorities should stop suppressing the patriotic forces aspiring for reunification and calling for alliance with communists and with the North and dialogue and contacts with us.

At the same time, they should withdraw the anachronistic policy of making themselves the only channel for dialogue with us, allow the people and organizations of all standings to take part in broad- based debates and dialogue on reunification issues, and guarantee free activities and visits, and then take the road of promoting reunification based on a confederal system as hoped for by all the people.

If the South Korean authorities keep violating the substance of the agreement by keeping such a fascist, evil, and hostile antireunification law—the National Security Law—in place instead of abolishing it, by not freeing emissaries of reunification, and by continuing to suppress the democratic forces aspiring for reunification, the nation will never forgive them.

All Korean people in the North and South and abroad will actively rise up in the effort to make this an historic year of opening a decisive phase for national reunification, thus upholding the great program for national reunification the great leader has indicated in his New Year address.

Daily Says Antisocialist Moves Destined To Fail

SK1401102292 Pyongyang KCNA in English 0958 GMT 14 Jan 92

["Anti-Socialist Moves Bound To Go Bankrupt"—KCNA headline]

[Text] Pyongyang January 14 (KCNA)—Looking at the fact that socialism has collapsed in some countries, some people talk loudly about the "triumph" of capitalism over socialism and about the "decline of socialism". This only exposes their ignorance of the law of historical development, says NODONG SINMUN today.

In a signed article headlined "Token of Ignorance of the Law of Historical Development" the paper goes on:

The great leader comrade Kim Il-song taught in his New Year address:

"Looking at the fact that socialism has collapsed in some countries, some people talk loudly about the 'triumph' of capitalism over socialism and about the 'decline of socialism'. This only exposes their ignorance of the law of historical development and their sophistry faked out to maintain the old order".

It is the truth verified by human history that capitalism goes to ruin and socialism triumphs.

Socialism is an ideal which embodies the nature of man, a social being, who wants to end the exploitation and oppression of man by man and to live independently all together. It is the inexorable law of historical development that socialism triumphs and capitalism which violates and stamps out the independence of man goes bankrupt. Of course, socialism as a just cause which has eternal vitality, but it may meet with temporary difficulties and twist and turns in its way.

As seen in the reality, it is impossible to abide correctly by the socialist principles in socialist construction and inevitable to incur the collapse of socialism if a party of the working class is enervated and people are disunited. A series of difficulties and temporary collapse come from the lack of confidence in socialism and the lack of creative ability to develop socialist society, not from the socialist system itself.

Human history proves that although the new embodying the independence of the popular masses experiences twists and turns, it smashes the resistance of the old and certainly wins victory.

To loudly talk about the "decline of socialism" and the "triumph of capitalism", failing to see the main trend of historical development fascinated by passing phenomena, is as delirious as to hail a mirage, believing it as a real thing.

The imperialist reactionaries should know that their own crisis is too serious to shout for joy at "defeat of socialism".

The purpose of the imperialists' current argument about the "crisis of socialism" is to destroy socialism completely by intensifying offensives against socialist countries and to realise their ambition for world domination.

The preposterous sophistry of the imperialists to dominate and plunder the world does not work.

The anti-socialist moves of the imperialists are bound to go bankrupt in face of the struggle of the awakened progressive people of the world.

There is no doubt that as history advances and people's consciousness of independence increases, socialism will have a greater magnetism and display invincible vitality.

Kim Chong-il's Work on Modern Imperialism Viewed

SK1601154792 Pyongyang Korean Central Broadcasting Network in Korean 0600 GMT 15 Jan 92

[Unattributed talk: "Classic Document Elucidated Characteristics and Aggressive Nature of Modern Imperialism"]

[Text] The imperialists are babbling about the end of the cold war and the emergence of an era of peace. However, the international situation remains strained and complicated, and an acute confrontation and struggle between socialism and imperialism and between the progressive and reactionary continue.

The imperialists are nakedly pursuing their ambition to expand their control worldwide. Because of this the people's independent cause is receiving a grave challenge. Without carrying out the struggle to oppose imperialism, we cannot even think about peace, national independence, and victory in socialism.

Thirty years ago on 15 January 1962, the dear leader Comrade Kim Chong-il published the work, *On the Characteristics and Aggressive Nature of Modern Imperialism.*

Accurately analyzing and evaluating modern imperialism is very important in theory and practice. Modern imperialism is an issue of our era and the subject of world revolution. Accurately revealing this is theoretically and practically necessary in establishing the scientific strategy and tactic for each country's revolution and world revolution and in promoting their victory.

The dear leader Comrade Kim Chong-il completely elucidated this imminent issue. In his work the dear leader Comrade wholly elucidated characteristics of modern imperialism, its aggressive nature, the viciousness and craftiness of the current imperialist aggression, and the reactionary nature of the opportunist sophistry denying the aggressive nature of imperialism.

The theory about imperialism was founded by the leaders of the working class. The great leader Comrade Kim Il-song newly and completely revealed the theory on imperialism, and during the whole period of the revolutionary struggle he resolutely adhered to its anti-imperialist position and led the people's anti-imperialist revolutionary struggle along the sure road of victory.

Based on the great leader's extraordinary ideology and theory, the dear leader Comrade Kim Chong-il wholly analyzed modern imperialism, thus uniquely elucidating the issues of its characteristics, aggressive nature, and historic position.

Since all theoretical and practical issues related to modern imperialism were wholly and newly elucidated, a scientific basis was provided to correctly draw up the world revolutionary strategy and anti-imperialist struggle strategy. Also, imperialist opportunists and spokesmen's maneuvers to beautify and embellish imperialism, spread its fantasy, and weaken the anti-imperialist struggle are being smashed, leaving no room for compromise. Thus, it was possible for the working class to brilliantly adhere to and develop the revolutionary theory on imperialism.

Truly the work *On Characteristics and Aggressive Nature of Modern Imperialism* thoroughly and newly elucidated all theoretical and practical issues related to modern imperialism. By doing so, it becomes an immortal classical work which completely systemized and developed the revolutionary theory by the working class on imperialism and a mighty ideological and theoretical weapon to vigorously launch the world revolution and anti-imperialist struggle.

The dear leader Comrade Kim Chong-il has pointed out: Modern imperialism is based on state monopoly capital.

Therefore, modern imperialism is distinguished from previous imperialism, which was simply based on the domination of monopoly. In the past, state monopoly capitalism was a temporary and partial phenomenon. It is now universal.

Throughout history, capitalism and imperialism have been the ultimate system of exploitation trampling the intention and demand of the popular masses for independence and the most oppressive system uniting class domination and national suppression.

Imperialism was changed into modern imperialism based on state monopoly capitalism so that its aggressive nature and brutality was unprecedentedly strengthened. Since the imperialism's political and economic crisis intensified, the great monopoly businesses adhered to the state's power and utilized the state organization to wholly interfere in the country's political, economic, and social life, thus trying to find a way out of the economic crisis which is being intensified through economic militarism and arms competition.

Large monopolistic enterprises, placing the economy on the military track, squeezed a high rate of monopolistic interest by strengthening the policy of aggression and war. Thus, they are maintaining their ruling system.

In his work dear leader Comrade Kim Chong-il pointed out that the characteristic of modern imperialism can be found in its dependency not only upon its colonial domination but also upon neo-colonialism.

While adhering to new-colonialism, the imperialists are persistently pursuing the policy of plundering and subjugating the people of other countries, using disguised and more cunning tactics.

Invasion and overseas and colonial domination are the unique characteristics of imperialism. However, the forms and tactics of the imperialists' colonial domination change according to social and historical conditions.

Serious changes in the international political arena after World War II forced the imperialists to implement the policy of colonial subjugation with more disguised and cunning tactics.

The most distinct characteristic in modern imperialism's policy of neo-colonialism is the maintaining of real colonial domination under a signboard of nominal independence.

The real rulers of South Korea are the U.S. imperialists. After having concocted a puppet regime, they are propagandizing as if South Korea were an independent state. The imperialists' policy of economic subjugation of backward countries is an important characteristic of neo-colonialism.

The U.S. imperialists adopted the policy of assistance as an important tool in overseas expansion. Through so-called assistance, they are pioneering the road for monopolistic enterprises to infiltrate overseas.

That the U.S. imperialists are showing so-called generosity by increasing the amount of assistance each year is aimed at more tightly subjugating other countries politically and economically.

What the imperialists can change, if any, are their aggressive and plunderous tactics, not their original nature of aggression and plunder. A characteristic of modern imperialism is that the system of imperialism has been reorganized with the U.S. imperialists as its head.

The imperialist nations in the past existed mutually in a horizontal line [hosang pyongyoljoguro] amid serious discrepancies and discords. However, today the imperialist system has been formed with the U.S. imperialists as its head. This results from a serious crisis in imperialism.

By taking advantage of its favorable position in the system of modern imperialism, the U.S. imperialists subjugated their alliances more tightly militarily and politically, thus instigating them to implement their policy of aggression and war.

By using a military alliance with NATO as an axis, the U.S. imperialists are trying to realize nuclear arms expansion and their maneuvers for nuclear bases. In Northeast Asia, they are concocting a new military alliance—the United States, Japan, and South Korea.

In addition, the U.S. imperialists are attempting to drag their alliances and followers into implementing their Star Wars plan, thus strengthening preparations for a new thermonuclear war.

The formation of an imperialist alliance headed by the U.S. imperialists is a new development in imperialism. However, this does not show the power of modern imperialism but its weakness.

Another important characteristics of modern imperialism is that imperialism is making last-ditch efforts for survival while rapidly dashing downhill. It is an historical truth that imperialism is doomed to fall.

Imperialism means the highest stage of capitalism, a parasitic and corrupt capitalism. Imperialism is also collapsing capitalism. This is proved by the decline and collapse of imperialism after the World War II.

With the growth of socialist forces and the appearance of newly developing countries, the imperialists' ruling territories have been remarkably reduced, and their ruling system have begun to collapse. In particular, prompted by its miserable defeat in the Korean War, the U.S. imperialists began on a downward slope.

Due to aggravated internal discrepancies and crises, the political and economic collapse of imperialist countries has been accelerated.

Stagnation and reduction of production, inflation, drastic bankruptcy of enterprises, and increase in unemployment, as seen in the imperialist countries including the United States, show that modern imperialism is collapsing because of acute economic discrepancies.

Thus, modern imperialism is not merely based on monopolistic domination but also assumes state monopolistic capitalism as its political and economic basis and depends on neo-colonialism. Modern imperialism does not exist on a horizontal line but has been reorganized vertically with the U.S. imperialists as its head. Modern imperialism is not growing and developing but declining and collapsing, thus making last-ditch efforts for survival.

Dear leader Comrade Kim Chong-il comprehensively and completely expounded the characteristics and original nature of modern imperialism even 30 years ago. As a result, a scientific and theoretical basis was firmly provided, thus enabling a correct resolution of all problems concerning imperialism. The revolutionary people of the world are more vigorously fighting with a precise anti-imperialist revolutionary line.

This is an immortal achievement made by dear leader Comrade Kim Chong-il before the time and the people. By cherishing firm faith and revolutionary pride, our people will more vigorously fight by following the banner of anti-imperialist struggle, the banner of independence.

KCNA Reviews Pyongyang Press for 17 Jan

SK1701052792 Pyongyang KCNA in English 0435 GMT 17 Jan 92

[Press Review]

[Text] Pyongyang January 17 (KCNA)—Papers here today frontpage news that the great leader President Kim Il-song's New Year address was widely reported by foreign media.

NODONG SINMUN reports that President Kim Il-song of the Democratic People's Republic of Korea received a message from 'Umar Hasan Ahmad al-Bashir, president of the Command Council of the National Salvation Revolution of the Republic of the Sudan, in reply to his greetings to the latter on the 36th anniversary of the independence of the Sudan.

It carries news that letters came to President Kim Il-song from crewmen of foreign ships hailing the adoption of

"Agreement on Reconciliation, Nonaggression and Cooperation and Exchange Between the North and the South" at the inter-Korean high-level talks.

Given in the daily are accounts of shows of the documentary film "The Great Leader Comrade Kim Il-song Visits China" held at the General Association of Korean Residents in Japan and the DPRK diplomatic missions in foreign countries.

An article of MINJU CHOSON tells about the tireless and energetic activities conducted by President Kim Il-song to hew a new path of the Korean revolution when he was at the Jilin Yuwen Middle School in January 1927.

NODONG SINMUN informs the readers that the dear leader Comrade Kim Chong-il received congratulatory messages and letters from abroad on the new year.

Seen in the press is news that functions were held in Rwanda, Tanzania and Ghana to hail the election of Comrade Kim Chong-il as supreme commander of the Korean People's Army.

His works were widely studied and disseminated in various countries, says the press.

NODONG SINMUN reports that the Central Committee of the Workers' Party of Korea sent messages to foreign parties and party leaders in reply to their greetings upon the election of Comrade Kim Chong- il as supreme commander of the Korean People's Army.

The paper conveys words of South Korean people praising Comrade Kim Chong-il as a great master of ideology and theory and a genius of revolution and construction.

Under the headline "Faith Can Never Be Given Up" the paper allots nearly one whole page to an article on the struggle of hero and heroine of the Republic Kang Kyu-chan and his wife Ko Chin-hi, a couple of revolutionaries born in Cheju Island of South Korea, who dedicated their all to the cause of national reunification.

Papers deal with innovations in the production of consumer goods and farming materials including chemical fertilizers.

The press informs the readers of the arrival in Pyongyang of the president of the South Korean "Daewoo Business Group" and his party.

Papers publish the second installment of a travelogue by student Pak Song-hui, representative of Chondaehyop, under the title "Pyongyang Where Chondaehyop Visited Again, 85-day Dialogue for Reunification".

The South Korean news columns of papers include reports that rallies and demonstrations took place across South Korea in denunciation of the South Korean trip of the Japanese prime minister and functions and rallies were held at universities and dissident organisations in memory of student Pak Chong-chol.

A commentary of NODONG SINMUN hits out at the sophism of Kim Yong-sam in defending the present South Korean "regime" at the "New Year's press conference".

In an article the paper calls upon broad sections of the fellow countrymen in the North, in the South and abroad to make tangible contributions to the cause of national reunification as members of the Korean nation.

Papers report that Comrade Jiang Zemin called for strengthened party leadership over the work for nationalities and a Chinese paper criticized the United States for interfering in the internal affairs of other countries under the slogan of "human rights".

Included in the world news columns of the press are reports that the Iranian president appealed to the United Nations to impose sanctions on Israel, the Cameroonian president called for peace and South-South cooperation, the Zanzibar president of Tanzania rejected "multiparty system" and the Maltese president outlined importance of the Non-aligned Movement.

The director of the U.S. nuclear control institute urged the authorities to thwart Japan's plan to secure plutonium, says the press.

MINJU CHOSON carries the second part of an article saying Bush's tour of Asia was "a disgraceful mendicant trip".

NODONG SINMUN in an article condemns the President of the United States, a barren land of human rights, for slandering us over the "human rights" problem.

South Korea

Chong Won-sik, Miyazawa Discuss DPRK Issues

OW1601150992 Tokyo KYODO in English 1433 GMT 16 Jan 92

[Text] Seoul, Jan. 16 KYODO—Prime Minister Kiichi Miyazawa told South Korean Prime Minister Chon Won-sik on Thursday that Japan will not establish relations with North Korea unless Pyongyang first allows international inspections of its nuclear facilities, Japanese Foreign Ministery officials said.

"If North Korea does not actually accept international nuclear inspections after signing the inspection accord, it will have a major impact on our country," Miyazawa was quoted as saying.

"This is an absolute condition for advancing negotiations," on normalizing relations, Miyazawa said.

Japan and North Korea are slated to open a sixth round of talks on establishing diplomatic relations later this month.

Since the Korean peninsula was divided at the end of World War II, Tokyo and Pyongyang have never maintained formal relations.

On January 7 the North Korean government announced that it plans to sign a nuclear safeguard accord in late January obligating it to permit inspections by the International Atomic Energy Agency.

Miyazawa pledged in the 20-minute courtesy call that negotiations with Pyongyang would enhance peace and stability on the Korean peninsula.

Tokyo will continue its close consultations with Seoul on their progress, he said.

Chon, who earlier in the day greeted Miyazawa on his arrival for a three-day visit at Seoul airbase, said that he would like to believe that North Korea will remain faithful to its promise to allow inspections.

No Tae-u Hosts 16 Jan Dinner for Miyazawa

Gives Welcoming Speech

SK1701011392 Seoul THE KOREA HERALD in English 17 Jan 92 p 2

["Text" of speech by President No Tae-u in Seoul at dinner hosted for Japanese Prime Minister Miyazawa on 16 January]

[Text] Prime Minister Kiichi Miyazawa, distinguished guests, ladies and gentlemen,

I am very pleased to welcome you, Mr. Prime Minister and the members of your delegation. The very fact that your excellency has chosen our country as the first to visit following your inauguration as prime minister of Japan demonstrates the warm friendship between us.

Your excellency has long been active as a levelheaded statesman and renowned leader of the international community. In fact, Japan is about to open an even more prosperous era under your excellent leadership. I am sure that the people of the world in general pin much hope on the role Japan will play in contributing to the establishment of a new world order.

I am also convinced that your excellency's visit to Korea will further strengthen friendly relations between Korea and Japan and thus consolidate our partnership as we head toward the 21st century.

Your excellency,

Last year we witnessed a great change in the history of the world: the disintegration of the Soviet Union and demise of communism. Democracy and market economics—the common goal of our two countries—have become the common goal of mankind.

Korea and Japan will closely cooperate to achieve the prosperity and development of the Asia-Pacific region through the promotion of a close future-oriented partnership. Our two countries have already become the first in terms of personnel exchanges and the second in terms of trade with each other in the world.

However, the serious imbalance of trade between us remains a grave issue that must be settled for the development of more mature relations. The realization of balanced and reciprocal trade between Korea and Japan is a must not only for the promotion of our sustained prosperity but for the bright future of the Asia-Pacific region as well.

Sincere cooperation in industry, science and technology could be a shortcut to balanced trade between our two countries. It also is strictly in line with the current international trend for mutual reliance and openness.

We should also further promote exchanges of young people as well as exchanges in culture, academia and information to further cement ties for the future. We must make sincere efforts to remove any mental barriers through humble reflection and correct recognition of historical facts.

The dark shadows of the past era cannot and should not hinder development of a mature partnership between our two nations for the 21st century.

Our peoples who have enjoyed close historical exchanges since ancient days, thanks to close geographic proximity, must now closely cooperate as genuine partners in building a freer and more prosperous East Asia.

Your excellency,

A stable and peaceful Korean peninsula is prerequisite to the maintenance of peace and prosperity in the Asia-Pacific region in the 21st century.

I have steadfastly pursued a northern policy in order to pave the way for peaceful unification of the Korean peninsula by taking advantage of the new world trend toward reconciliation and cooperation.

The Korean peninsula is in the process of establishing a new order of cooperation and coexistence, terminating the half-century old Cold War era marked by confrontation and hostility.

I would like now to express thanks to the government of Japan which has been cooperating to achieve a relaxation of tension and progress in the negotiations between the South and the North.

There is a saying that "friendship is like a plant that needs water now and then." I will endeavor to further consolidate our mutual friendship by frankly exchanging views with Prime Minister Miyazawa wherever and whenever possible.

Ladies and gentlemen,

Please rise and join me in a toast to the health and well-being of Prime Minister Miyazawa, to the eternal prosperity of Japan and to lasting friendship between the Republic of Korea and Japan.

Thank you.

Miyazawa Gives Address

SK1701014992 Seoul THE KOREA HERALD in English 17 Jan 92 p 2

["Text" of speech by Japanese Prime Minister Kiichi Miyazawa in Seoul at dinner hosted by President No Tae-u on 16 January]

[Text] President No, Mrs. No and ladies and gentlemen,

I am very pleased that I have been able to visit the Republic of Korea at President No's kind invitation as my first overseas trip since becoming prime minister.

I am honored that you have hosted this magnificent banquet for us here this evening. And I am grateful for President No's gracious remarks. On behalf of the entire Japanese delegation, I thank you.

As someone who has had a hand, however minor, in shaping Japan's postwar history, I have long been highly interested in the strong record of development achieved by the Republic of Korea, a country with very close relations with Japan.

Upon revisiting Seoul after some number of years and seeing for myself the dramatic changes that have taken place in your city, I marvel again at what you have achieved.

I would thus like to express my profound respects for the way the Korean people have overcome the hardship of national partition and have succeeded in this grand task of nation-building.

At the same time, you have also achieved striking success in the diplomatic field especially last year—finally realizing your long-standing aspiration to join the United Nations and getting an agreement adopted in the recent South-North meeting of prime ministers embodying reconciliation, nonaggression, exchanges and cooperation between the South and the North.

As well as expressing my heartfelt congratulations to you on these achievements, I very much hope that the peaceful reunification so ardently desired by all inhabitants of the Korean Peninsula will be achieved as soon as possible.

Mr. President,

The world is now in a time of great change. While the end of the Cold War was an important step toward opening a new era for all mankind, it has also brought to the fore a whole range of issues and even conflicts that had been hidden by East-West tensions.

It is thus impossible to be overly optimistic about the future. The cooperative relationship between Japan and the Republic of Korea, now both influential world players, is a crucial element in world peace and stability.

Sharing similar values, Japan and the Republic of Korea must further strengthen their cooperative relationship, not only for themselves but for Asia and the entire world.

Basic to this cooperation, I believe it is vital that we seek to make the relationship of trust between our two countries firmer than ever.

Underpinning this relationship of trust is mutual understanding, and essential to mutual understanding is that we Japanese first and foremost recall the truth of that tragic period when Japanese actions inflicted suffering and sorrow upon your people and that we never forget our feelings of remorse over this.

As prime minister of Japan, I would like to declare anew my remorse at these deeds and tender my apology to the people of the Republic of Korea.

Mr. President,

I find it encouraging that our two countries share many of the same cultural underpinnings and foundations for mutual understanding.

Needless to say, this is because Japan has had a long history since ancient times of very close exchanges with Korea, and we have drawn heavily upon Korean culture in building our own cultural traditions.

Of course, just as we have much in common in our cultures, so do we also have cultural differences, and it is also crucial to mutual understanding that we understand these differences as well.

If we are able to understand and learn from each other to enhance our own cultures, and if we are able thereby to strengthen mutual understanding and deepen the trust between us, that will surely be an important driving force for constructing the forthcoming era and further consolidating the cooperative relationship between our two countries.

Calligraphy is an art form that I studied from an early age, and it is also one of the things that draws our two countries together.

It has long been commonly believed that a person's calligraphy is indicative of his character and mindscape, and I wonder if this same belief is not prevalent in Korea as well.

One of the very few diplomatic missions allowed to visit Japan during the Edo period, the delegations from the Yi Dynasty included many distinguished men of letters, and the Japanese literati vied for their writings and drawings, composed and recited poems with them, and otherwise made these missions festivals of culture.

As such, calligraphy strikes me as symbolic of the history of close spiritual ties between Japan and the Republic of Korea.

Speaking of calligraphy, you may know that there is a "kakizome" or "first writing" ceremony in which people write down their New Year's hopes or resolutions.

Earlier this month, at the beginning of the new year and the start of a new era, I wrote "shisei ten-ni tsuzu" or "determined efforts are bound to succeed" as an expression of my hopes for enduring friendship between our two countries.

Your people have kindly helped arrange for me a visit to your ancient capital of Kyongju the day after tomorrow.

I am very much looking forward to seeing this historic site, a place from which originated a part of Japanese culture.

I am hoping that my sojourn there will give me an opportunity to look back on the long history of exchanges between our two countries and to look ahead to even greater exchanges and even better relations in the future.

In closing, I would like to express once more my appreciation to President No, Mrs. No, and all of the other dignitaries assembled here and to propose a toast to your continued health and prosperity and to the ever-greater development of the Republic of Korea.

Geon-bae. Gam-sa-hamnida. [Toast. Thank you.]

No-Miyazawa 17 Jan Summit Views Trade Imbalance

OW1701102992 Tokyo NHK General Television Network in Japanese 0300 GMT 17 Jan 92

[From "Noon Newscast"]

[Text] Prime Minister Kiichi Miyazawa, who is currently visiting the ROK, and President No Tae-u held the second round of their summit talks this morning and agreed that Japan will render as much active cooperation as possible concerning the redressing of the trade imbalance between Japan and the ROK.

The second round of the summit talks between Prime Minister Miyazawa and President No Tae-u was held for approximately one hour, beginning at 1000 [0100 GMT] today at Chongwadae, the presidential mansion. Subsequently, the prime minister and the president attended a joint press conference.

[Begin recording] [No, in Korean with superimposed Japanese translation] Prime Minister Miyazawa and I agreed to establish trade, industrial, and technological cooperation committees to rectify the trade imbalance, to enhance technological cooperation, and to issue a concrete report by the end of June on the results.

[Miyazawa] For the further development of economic relations between Japan and the ROK, it is necessary to further deepen and strengthen the mutual understanding and relations of mutual trust between the economic circles of the two countries. In this connection, I proposed that a forum be established for the economic circles of the two countries to examine and make recommendations from medium- and long-range perspectives on how Japanese-ROK economic relations should be developed toward that end. I obtained the president's consent.

[No] At the summit talks today, we agreed to further promote substantial, friendly, and cooperative relations for our future mutual prosperity on the basis of a correct perception of the past. I requested that Japan more actively inquire into the truth of the volunteer corps [of "comfort women"] issue—that is, the issue of past history—and take measures commensurate with the results. Prime Minister Miyazawa expressed his heartfelt remorse and offered apologies for Japan's past conduct and promised to inquire into the truth and take appropriate measures at the earliest possible date.

[Miyazawa] We refer to the so-called volunteer corps issue as an issue of so-called comfort women serving in war. Hearing those people concerned tell their stories and giving thought to their bitter, painful experiences, we feel really heartrended. I want to express my sincere apology and remorse over their privation, which defies all description. [end recording]

Meanwhile, Prime Minister Miyazawa said that both Japan and the ROK gained many common understandings through his current visit to South Korea. He said that the two countries agreed to cooperate with each other for the 21st century by further consolidating their relations under the convulsive world situation.

In connection with the issue of nuclear inspections in North Korea, the DPRK, he disclosed that Japan and the ROK agreed to address themselves to North Korea through close mutual consultations so North Korea will accept nuclear inspections.

Regarding the issue of the participation of the Self-Defense Forces in the UN peacekeeping operations, PKO—over which the South Korean side has exprssed its concern—Prime Minister Miyazawa said that PKO activities require specialized techniques and sought Seoul's understanding of the PKO bill.

At the close of the summit talks today, President No Tae-u extended an invitation to His Majesty the emperor and Her Majesty the empress to visit the ROK at a suitable time. Prime Minister Miyazawa replied that he would convey this invitation to the emperor and empress and that the government would study the invitation.

No, Miyazawa Hold Joint News Conference

No Gives Speech

SK1701045592 Seoul KBS-1 Television Network in Korean 0216 GMT 17 Jan 92

[Speech by President No Tae-u at a joint news conference with Japanese Prime Minister Kiichi Miyazawa at Chongwadae—live]

[Text] How are you, everyone? I am particularly happy to meet here with those reporters accompanying Prime Minister Miyazawa. I had two rounds of very beneficial talks with Prime Minister Miyazawa yesterday and today. During the current talks, we exchanged a wide range of views on the overall situation of the world, including Northeast Asia, and discussed in detail ways to promote further forward-looking friendly relations between the ROK and Japan. We also have agreed that the two countries as countries of genuine good neighborliness and friendship will cooperate with each other for common prosperity and world peace.

First, I welcomed Prime Minister Miyazawa, who has visited our country, the first foreign country he has travelled to since his inauguration. I explained the efforts that our government has made thus far to alleviate tension on the Korean peninsula and to preserve peace there, and the status of recent progress in relations between North and South Korea.

Prime Minister Miyazawa fully supported the agreement reached recently between the North and the South, and promised that he would cooperate in the faithful implementation of the contents of the North-South agreements.

Prime Minister Miyazawa and I have agreed that the ROK and Japan will make joint efforts to see to it that North Korea fulfills, without fail, at an early date all of the steps related to the Nuclear Nonproliferation Treaty of the International Atomic Energy Agency. Prime Minister Miyazawa promised that, while closely observing the issue of North Korea's nuclear inspection and whether it will fulfill the South-North agreement, the Japanese Government will promote negotiations with North Korea to establish diplomatic relations under close consultation with our government.

At today's summit talks, our two countries have agreed to promote further substantial friendly cooperation for the future's common prosperity on the basis of a correct understanding and humble reflection of the past. I asked the Japanese Government to examine more actively the true facts of past problems, including the issue of Korean comfort girls, and to sincerely take due measures on the results of the examination.

Prime Minister Miyazawa expressed wholehearted reflection of and apology for Japan's past act and vowed to examine the true facts of it at the earliest possible date and to take pertinent measures on it.

The issue of redressing the trade imbalance between our two countries and the issue of transferring technology are not a matter of yesterday and today. So, I strongly asked the Japanese Government to take concrete [kuchejok] and practical [silchonjok] steps, not principles and promises. Prime Minister Miyazawa has promised that Japan will cooperate actively in this to the maximum.

Prime Minister Miyazawa and I shared the understanding that the trade imbalance existing between the two countries and industrial, scientific, and technological cooperation between them are the most important issues that the two countries should sincerely deal with, and that it is important for the two countries to find out the basis of these issues through frank consultation, to seek concrete measures for the improvement of these issues, and to make all efforts for their resolution.

Regarding issues, including the correction of the trade imbalance and technical cooperation, I and Prime Minister Miyazawa agreed to let the ROK-Japanese Trade, Industry, and Technology Cooperation Committee intensively discuss the issues and report to us on the results by the end of this June along with specific action plans.

The two countries' governments also agreed that Japan would consider the ROK's proposals on access to the Japanese market, including reductions of duties, during the Uruguay Round negotiating process. Both governments also would consider and continue consulting on the participation of ROK construction companies in Japanese public projects.

I asked the Japanese Government to render the Korean residents in Japan their proper consideration to allow them to contribute to Japanese society as members and to lead honorable lives. We agreed that, to enhance the interest of the peoples of the two countries, we would give more vitality to private exchanges, including those among youths.

Sharing the same opinion that the importance of Japan-ROK cooperation on the international scene is increasing greatly, we agreed to maintain close cooperation in the United Nations, the Asia Pacific Economic Cooperation, the Uruguay Round negotiations, and so on. We, the two leaders, promised that, to develop bilateral relations continually, we would consult on all the necessary things from time to time.

Now, I would like to ask the prime minister to speak.

Miyazawa Speaks

SK1701060192 Seoul KBS-1 Television Network in Korean 0223 GMT 17 Jan 92

[Speech by Japanese Prime Minister Kiichi Miyazawa during a joint news conference with ROK President No Tae-u at Chongwadae—live; in Japanese with superimposed Korean translation]

[Text] Thank you, Your Excellency Mr. President. As my first visit to foreign country since I assumed the position of prime minister, I visited your country, an important neighboring country in Asia. Thus, I have the occasion to meet you, Your Excellency Mr. President. I consider this a great pleasure.

During summit talks on two occasions, we exchanged frank and realistic views on the situation on the Korean peninsula, not to mention ROK-Japanese relations, the Asian-Pacific region, and the overall international situation.

As for ROK-Japanese issues, we confirmed that there is a common awareness of a number of points. Therefore, we are greatly satisfied.

Today, when the East-West cold war structure has been destroyed, the world is on the way to seeking a new order. In this situation, your country has made brilliant diplomatic achievements for peace and prosperity not only on the Korean peninsula but also in the overall Asian-Pacific region, such as the simultaneous entry of the North and the South into the United Nations, sponsoring the Asian-Pacific Economic Council meeting, preparing an agreement—the North-South joint declaration on nuclear issues—during the North-South prime ministers' talks, and tentatively signing it. I wish to extend words of praise to you for this.

During the summit talks, Your Excellency Mr. President and I unanimously reached an agreement to consolidate ROK-Japanese relations further amid the exciting world situation and to jointly advance toward the 21st century by cooperating with each other to contribute to peace and prosperity in the Asian-Pacific region and in the world.

Your Excellency Mr. President and I exchanged frank views on economic relations between the two countries. We shared the same view that the issue of the existing trade imbalance between the two countries is the most important issue which the two countries should sincerely deal with. We also agreed that it is important to make clear the basic causes of this question through dialogue, to work out concrete measures for improvement, and to make efforts to resolve the issue.

For this, we decided to form a ROK-Japanese committee for cooperation in trade and industry in order to discuss the problems intensively. We ordered the relevant organizations to draw up a plan for agreement and to report this by the end of June.

We agreed that, for further development of ROK-Japanese economic relations, the consolidation of mutual understanding and mutual trust between economic sectors of the two countries is necessary. For this, we proposed that businessmen of the two countries should study issues concerning ROK-Japanese economic relations from the middle- and long-range standpoint and that forums should be established. I had agreement on this from Your Excellency Mr. President.

As for the issue of promoting industrial technology, prompted by Your Excellency's zeal, Japan will review the type of overall cooperation Japan can offer.

As for the foundation for cooperation in industrial technology, in view of Japan's financial system, it is difficult for the government to establish such a foundation by offering its own funds. I believe that if the foundation is organized, the Japanese Government can offer appropriate support for its work, however.

We shared the same view that, to concretely work out the forward-looking ROK-Japanese relations, it is necessary to promote deep mutual understanding and a broad range of exchanges between the peoples of the two countries.

Therefore, I expressed my will to invite 500 youths from your country to Japan for five years beginning next year. I also am thinking of pushing for plans for broad multilateral exchanges of youths with all neighboring countries, as well as the two countries.

ROK-Japanese relations have been developing in a good manner recently, and the spirit for a broad range of exchanges across the world is being enhanced.

I hope that my visit to your country will help to promote this spirit further. Thank you.

Answer Reporters' Questions

SK1701111992 Seoul KBS-1 Television Network in Korean 0227 GMT 17 Jan 92

[Answers to reporters' questions by No Tae-u, ROK president, and Kiichi Miyazawa, Japanese prime minister, at Chongwadae on 17 January—live; Miyazawa answers in Japanese, with KBS providing superimposed simultaneous Korean translation, followed by official Japanese interpreter's translation into Korean]

[Text] [Yi Chong-sik, Christian Broadcasting System, CBS, reporter] I will first ask President No Tae-u. These summit talks are the third ones between Japan and the ROK since the emergence of the Sixth Republic. Would you tell us what your opinion is on the result of the summit talks and what kind of future-oriented plan do you have for Japan-ROK relations?

Next I will ask Prime Minister Miyazawa. Regarding the issue of liquidating its wrongful past history, Japan distorted some of its history and showed a passive attitude in liquidating this issue. By doing so, it has been pointed out internationally that Japan must follow the past example of West Germany and received a great deal of criticism from the countries which suffered damage due to Japan. I will ask three questions regarding this matter. First, it was revealed recently that during the past Pacific war Japan dragged even 12-year-old primary school girls from Korea to be comfort women, imposing great shock to the two countries. I believe you also know of this fact all too well. In yesterday's banquet speech you stated that you once again reflect on and apologize to the Korean people regarding issue of the past. Is this your own thought or do you mean that Japan frankly recognizes with responsibility the issues of the wrongful past including the issue of comfort women? Second, there was an agreement between the two governments in 1965, but in reality no measures to examine the truth regarding Korean victims such as the issue of draft, recruitment, and comfort girls and no measures for compensation were fulfilled. In your speech you made no mention of the issue of compensation. Please tell us what Japan plans to do concretely regarding this matter. Third, because of Japan's past history, voices within Japan and in international circles opposing and showing worry over the movements to dispatch Japan's Self-Defense Forces overseas are high. What is Japan's basic position regarding the issue of dispatching its Self-Defense Forces overseas?

[No Tae-u] I will answer your question first. You asked about the result of the Japan-ROK summit talks and the future of Japan-ROK relations. As you said, this was my third summit meeting with Japan. From the initial talks we agreed to liquidate the past and profoundly carry out the work to become future-oriented friendly and cooperative relations. Especially, we are of the same opinion regarding the fact that friendship and cooperation between the two countries is essential to achieve peace and prosperity in Asia and the Pacific for moving toward the 21st century. To achieve this as a partner we must correctly recognize the past to move toward the future together. Also, we must reflect on the wrongful past history. I have consistently insisted that on the foundation of these two facts we must resolve all issues between the two countries. Japan has also agreed with us regarding this matter. Up until now in economic issues such as the trade imbalance and promoting technical cooperation, only its principle matters were agreed upon. As a result of these summit talks a firm practical plan was established, however. This practical plan will be completely drawn up by June of this year and will contain visible measures for the people of the two countries. From this fact we can say that the summit talks that took place this time were a step forward compared with the other two summit talks. I foresee and expect that in the future, relations between the two countries will progress from the general issues to practical issues.

[Miyazawa—KBS translation] Now, I would like to answer to your questions on the comfort women issue. We have been discussing this issue. Even only by listening to relevant officials' words on the issue, however, we have come to know the sharp pains that these women experienced. I feel very hurt about this.

In the 24 January [as heard] news conference with Korean correspondents in Japan, I told you about this. Even in today's summit talks, I also mentioned this. I sincerely make an apology and regret such indescribable pains, however.

I think that the Japanese Government of the peace-loving state will continue to establish new Korean-Japanese relations in the future based on a deep regret and determination [pyori] that it will never make such errors again. This was the apology that I, as prime minister of Japan, told Your Excellency ROK President in the earlier summit talks. These are not my personal remarks.

From the beginning, I, as a government official, have conducted an investigation of the issues, such as a draft, conscription, and others. Now specific documents on the issues have been found, however.

Because it is possible that various documents could be found in relevant ministries, I will sincerely continue an investigation into the issues to find out the truth.

Regarding the issue of compensation for wartime comfort women, at present, specific individuals have filed lawsuits to collect damages. These are now under way. Our government will watch this. In addition, our government will make every effort to find out the truth.

Regarding the issue of dispatching Japanese Self-Defense Forces abroad—in other words, the peacekeeping operations [PKO] bill—UN peacekeeping operations are not designed to wage war, though many people do not know about them in detail. They are designed to maintain and secure peace and to normalize situations after agreements have been reached, however. Thereby, these UN activities are very difficult and sufficient to have merited a Nobel prize in the past. In addition, these activities are designed to bring peace, not to wage war.

Let me give a good example. If the crisis continues in Cambodia in the future, UN peacekeeping operations, at the request of the United Nations, would be for disarming soldiers, keeping weapons, removing mines, and repatriating refugees to their countries. UN peacekeeping operations should help fulfill government administration every day. Lately, the UN peacekeeping operations have been helping establish government through elections. These are just some of the UN peacekeeping activities.

Relevant states propose such requests to the United Nations. Japan also should participate in the peacekeeping operations, which are sufficient to merit a Nobel prize for the promotion of peace. In accordance with its constitution, Japan is in an exclusively defensive position. Therefore, it will not make plans to send its forces overseas. In addition, it will not dispatch its forces overseas.

Japan's positive participation in the UN peacekeeping activities is to contribute to them and to the people who seek peace. Thereby, the PKO bill waits for the Diet's approval.

If there are no requests from relevant states, of course, these operations cannot be carried out. In addition, if there are no requests from the United Nations, it is also not possible for Japan to dispatch its forces overseas.

In these respects, we should cooperate with the United Nations if need be. Then, I think that you may ask the question why the Japanese Self-Defense Forces should be dispatched overseas. As I am telling you now, these operations cannot be easily carried out without wide experience and organizational power. I can tell you about one example, the Cambodian situation. From this, I think that you can understand. Even if it is not war, it is difficult to resolve some issues, such as removing mines, repatriating refugees to their country, and other issues, without experienced men and organizational power, like Japan's Self-defense Forces. Thereby, the bill was submitted to the Diet for approval. The Japanese Government will not use force of arms, and the Japanese people will never tolerate such a thing. Therefore, the Japanese Government will never dispatch its forces overseas in the future. I hope that you can understand that the exercise of armed force is quite different from the peacekeeping activities.

[Miyazawa—Japanese interpreter's translation] Let me answer now. On the so-called comfort women issue, we cannot but repress heart-rending feelings. I mentioned this issue at a news conference with ROK correspondents in Tokyo on 14 January before I left for the ROK. I also mentioned this issue at the current summit talks with President No. I sincerely express deep apology for and humble reflection on the issue. Based on such regret and deep reflection, Japan will make efforts for peace and for forward-looking relations between the ROK and Japan. This is what I told His Excellency President at today's talks in the capacity of Japanese prime minister. Investigations on this issue are now being conducted by the government. I think that materials concerning this issue will be continuously revealed in the future. So, we will make sincere investigations into this issue in the future.

On the issue of compensation for comfort women, legal proceedings by individual victims for compensation are still pending in court. So, I metioned earlier that the government will make sincere efforts to settle the issue while observing the results of the legal proceeedings.

The next answer is on the question of the plan to dispatch Japan's Self-Defence Forces overseas. This issue concerns the peacekeeping operations [PKO] bill. It seems that there are many people who do not know exactly about the peace keeping activities of the United Nations. The peacekeeping activities of the United Nations are not to fight a war but to restore and preserve peace. For instance, when a Self-Defense Force unit is dispatched to, say, Cambodia at the request of the United Nations, the unit's activity would be limited to disarmament, removal of mines, relief of refugees, and so forth. It would also help in establishing a democratic government through elections. These are precisely the peacekeeping activities of the United Nations. Such peacekeeping activities are only for peace.

Japan has thoroughly adhered to the exclusive defense principle, and Japan will not and cannot afford to use armed forces overseas. As I said earlier, Japan will actively join the peacekeeping activities of the United Nations and will, thus, contribute to the United Nations. The PKO bill that is being discussed at the Japanese Diet stipulates that the dispatch of Japan's Self-Defense Forces overseas cannot be realized without a request from a country concerned or from the United Nations. With regard to the necessity of dispatching Self-Defense Forces, I would like to say that without various experience and organizing ability, the activities of the Self-Defense Forces cannot be carried out easily. As I told you before, giving Cambodia as an example, when linking this with Cambodia, this matter can be understood easily. The Japanese Government will not use force of arms, and the Japanese people will never tolerate such a thing. We will by no means repeat the exercise of armed force. The exercise of armed force is quite different from UN peacekeeping operations, which is being discussed.

[Miyazawa—KBS translation] You talked about the Cambodian issue. I do not mean that Japan will go to Cambodia to participate in peacekeeping activities; this is nothing more than an example of that kind of activity. I hope that there will be no misunderstanding on this matter.

[Miyazawa—Japanese interpreter's translation] I will add the following remark so that there will be no misunderstanding. I gave Cambodia as an example, but that does not mean that Japan will participate in peacekeeping activities in Cambodia. This was mentioned only to make you understand the content of the peacekeeping activities.

[No Tae-u] There is only time left for one more question. I hope that you will understand that we are running short of time. Will a Japanese reporter ask a question?

[Unidentified Japanese reporter—KBS translation into Korean] Representing the Japanese reporters accompanying Prime Minister Miyazawa from Tokyo, I would like to ask Prime Minister Miyazawa: It is forecast that the next negotiations between Japan and North Korea to normalize diplomatic relations will be held late this month. You said that Japan will indirectly support the ROK and North Korea in improving their relations. Based on this, how will you deal in detail with the matter of stability in Northeast Asia and furthermore the Pacific region?

[Unidentified Japanese reporter—Japanese interpreter's translation into Korean] As a representative of the Japanese reporters accompanying Prime Minister Miyazawa from Tokyo, I will ask a question. It is forecast that the next negotiations between Japan and North Korea to normalize diplomatic relations will be held late this month. You said that Japan will indirectly support the ROK and North Korea in improving their relations. Based on this, how will Japan deal with the issue of peace in Northeast Asia and the Asian-Pacific region?

[Miyazawa—KBS translation] I believe that South-North simultaneous entrance into the United Nations last year and the signing of the agreement in the South-North premiers talks were momentous events in easing tension on the Korean peninsula and furthermore to achieve peaceful reunification. Japan highly assesses this and welcomes it.

[Miyazawa—Japanese interpreter's translation] I believe that South-North simultaneous entrance into the United Nations and the signing of the agreement in the South-North premiers talks are being assessed as momentous events in easing tension on the Korean peninsula and furthermore to achieve peaceful reunification.

[Miyazawa—KBS translation] Primarily, the issue of the Korean peninsula must be resolved by direct dialogue between the South and North themselves. Nevertheless, Japan hopes to support this indirectly, if it can. In the negotiations between Japan and North Korea to normalize diplomatic relations, Japan is urging North Korea to deal with South-North dialogue sincerely. The sixth Japanese-North Korean negotiations are slated for late January. During that time, Japan will urge North Korea to fulfill the content of the South-North agreement, which I discussed before, through endless dialogue between the South and North. As Your Excellency President said during the summit talks, I think that it is necessary to convey to the North during the sixth negotiations that it is desirable to hold South-North summit talks. What is more important than anything else is the issue of North Korea's nuclear development. Japan, as well as the ROK, regards this issue as a matter of great concern. Without solving this question, the normalization cannot be realized. We have emphasized this fact to North Korea.

[Miyazawa—Japanese interpreter's translation] The Japanese Government's position is that primarily, the issue of the Korean peninsula must be resolved peacefully by direct dialogue between the South and North themselves. Based on this, as I said before, Japan hopes to support this indirectly, if it can. In the negotiations between Japan and North Korea to normalize diplomatic relations, Japan has urged North Korea to deal with South-North dialogue sincerely. The sixth Japanese-North Korean negotiations are slated for late January. During that time, Japan plans to urge North Korea to fulfill the South-North agreement that was signed after endless dialogue between the South and North. As Your Excellency mentioned during the summit talks, it is desirable to hold summit talks between the South and North. We feel that it is necessary to express this expectation to the North in the next Japanese-North Korean negotiations. What is more important than anything else is the issue of North Korea's nuclear development. As well as the ROK, Japan regards this issue as a matter of great concern. Without solving this question, the normalization cannot be realized. We will continue to emphasize with matter.

[Miyazawa—KBS translation] I believe that great progress was made through the tentative signing of the South-North declaration last year and North Korea's signing to accept inspection by the International Atomic Energy Agency [IAEA]. What is important is the fact that this kind of joint declaration and statement must be fulfilled practically, however. Japan will note North Korea's attitude in the future and, at the same time, continue to urge North Korea to carry this out during the Japanese-North Korean negotiations.

[Miyazawa—Japanese interpreter's translation] Late last year, the declaration on the denuclearization on the Korean peninsula was tentatively signed, and this year North Korea expressed its willingness to accept inspection by the IAEA. These mark great progress in resolving the issue of normalization. What is most important is that these must be fulfilled practically. We will note North Korea's attitude and continue to urge North Korea to carry this out during the Japanese-North Korean negotiations.

[No Tae-u] Thank you very much, everyone.

Overview Notes Agreement

OW1701054392 Tokyo KYODO in English 0512 GMT 17 Jan 92

[Text] Seoul, Jan. 17 (KYODO)—Japanese Prime Minister Kiichi Miyazawa and South Korean President No Tae-u agreed Friday on the need to properly acknowledge history and reflect on past errors in an effort to establish "future-oriented bilateral ties."

At a joint press conference following two rounds of bilateral talks at the Blue House presidential mansion, No said he and Miyazawa agreed that cooperation between the two nations is necessary for the peace and prosperity of the Asian-Pacific region.

No said future ties between Tokyo and Seoul should be based on correct understanding of history and on a "modest" reflection on the errors that were committed.

Touching on the wartime forced prostitution of Korean women, or the so-called "teishintai" (self-sacrifice corps), in Japanese military brothels in Asian countries before and during World War II, No said he urged Miyazawa to positively probe the truth about the issue and to take appropriate steps regarding the women, some of whom have brought a lawsuit in Japan demanding compensation.

No said Miyazawa had expressed remorse and apologized.

Miyazawa said his government will continue investigating the issue and will watch closely the progress of the lawsuit.

Some 100,000 to 200,000 women, mostly from Korea, which was a Japanese colony from 1910 to the end of the war, were allegedly sent to the brothels.

The two leaders also agreed to set up a cooperation committee on trade, industry, and technology and to draw up specific reports on it by late June.

Miyazawa said No agreed with his proposal on establishing a Japan-South Korea forum of business leaders.

South Korea had a record 8.8 billion dollar trade deficit with Japan last year.

Miyazawa arrived in Seoul on Thursday for a three-day visit. It is his first trip overseas since he became prime minister last November.

Miyazawa sought understanding from No on legislation being considered by the Diet that would allow Japanese military personnel to be sent to join in United Nations peacekeeping operations.

He gave an assurance that Japan will not use force against other countries.

Also at the meeting, No said his government would like to invite Japan's Emperor Akihito to visit South Korea "at an appropriate time."

Miyazawa Addresses ROK National Assembly

SK1701114292 Seoul KBS-1 Television Network in Korean 0544 GMT 17 Jan 92

[Speech by Kiichi Miyazawa, Japanese prime minister, at the ROK National Assembly on 17 January—live, in Japanese with simultaneous superimposed Korean translation]

[Text] Respected Your Excellency House Speaker Pak Chun-kyu and the ROK assemblymen here:

I am very glad to have the opportunity to deliver a speech to the assemblymen representing the ROK, and, through you, to the Korean people. I would like to truly thank Your Excellency House Speaker, leaders of each party, and assemblymen for giving me this opportunity, despite the fact that the National Assembly is not in session.

The current world is in the vortex of a great upheaval. The waves of great change are surging to the Korean peninsula. Your country at last achieved its desire of entering the United Nations last autumn, which is something for which you had aspired for approximately 40 years. In addition, the momentous agreement was signed at the North-South high-level talks last December. Thereby, great progress has been made in the North-South relations. Really, this is worthy of congratulations. We, as a neighboring country, are glad of this.

I have paid attention to the energetic growth of your country. I have wanted to visit your country and to exchange open-minded opinions with figures of all strata, including Your Excellency President No Tae-u.

As the first foreign visit of a prime minister who wants to deliver congratulatory words to you, my visit to your country, which is at a historical period, is very emotional for me. [applause]

Ladies and gentlemen present here:

The end of the cold war was glad news to the world people who desire peace. It can be said that we have made a fresh stride toward a new world. Great changes, such as the Gulf crisis, the chaos of the old Soviet Union, and the Yugoslav civil war, however, are taking place in the world after the end of the cold war. This shows that the establishment of a new peace and order is not easy. To cope with the trend of the times, all countries of the world should positively pool their strength to establish a new order.

It is high time that various countries of the world unite around the United Nations and make contributions to peace and stability of the world, according to their national strength and specific situation. I think that it is truly high time that the United Nations to try to realize the ideals of its founding. From this standpoint, I am truly glad that your country has officially become a United Nations member. Japan and the ROK are required to play the role of a dynamic locomotive for Asia and the rest of the world. It is important for our two countries to discuss and cooperate with each other in the United Nations arena. The Japanese-ROK cooperative relations will have a new meaning in the international arena.

To contribute to world peace and stability, Japan will firmly adhere to an exclusively defensive system under the peace constitution based on the past lesson. Japan will maintain the basic policy that it will not be a military superpower posing a threat to other countries. With this policy as a base, Japan will seek to make economic and political contributions to international peace and stability. Japan will also try to make a contribution to international peace and stability by means of manpower.

In particular, as for the United Nations peacekeeping activities, which have made a great contribution, Japan is promoting the arrangement of Japan's military system [kuncheje] to more positively cooperate with the United Nations by means of manpower, including the participation in peacekeeping operations. By so doing, Japan will meet the expectations of the international arena.

Ladies and gentlemen here:

An agreement was reached at the Paris conference held last October to fully and politically resolve the Cambodian issue. As a member of Asia and as a country having held a Tokyo meeting to try and resolve the Cambodian issue, Japan is truly glad of the new peace in Cambodia. Through the agreement, Cambodia has brought to an end the long and painful disputes and is taking the road of reconstructing the state.

This means that the entire Indochinese region, which has been the most unstable in Southeastern Asia, is briskly participating in economic development. In addition, this gives us bright hope for peace and stability the Asian-Pacific region, in which we have had a great interest.

The Asian-Pacific region has recently achieved brilliant development. The international arena has come to pay great attention to the Asian-Pacific region. Some people say that the Asian-Pacific region is the one leading the world into the 21st century.

I think that the Asian-Pacific region's vigor originates from the various developments of races, religions, cultures, and traditions, and from the sense of value and economies in the region. It is was said that the variety and complexity of the Asian-Pacific region was the factor delaying Asian development. Through great changes over time, vigorous energy is originating from the variety and complexity of races, religions, cultures, traditions, and from the sense of value and economies of the Asian-Pacific region. This is because each complements the others. This is also because they give and receive encouragement from each other.

For this reason, we should respect the variety of the Asian-Pacific region to press ahead with this region's development. We should strengthen cooperation and dialogue in accordance with this region's specific situations.

Conferences of Asian countries' foreign ministers are expanding as the forum to promote regional cooperation and dialogue. I am glad that your country has participated in the conferences since last year.

Asian-Pacific Economic Cooperation [APEC] was established in 1989. This is very significant, I think. In particular, China, Taiwan, and Hong Kong participated in the third APEC ministerial meeting held in your country last autumn. A declaration representing APEC's ideals and principles was adopted in the third APEC ministerial meeting. I highly appraise this. No doubt cooperation between your country and Japan will be more important in APEC.

I would like to pay attention to the possibility of great development in Northeast Asia, including the Korean peninsula, China, Russia, and Japan. This is because of the rich labor forces and resources and because of our two countries' economic power and technology.

It can be said that not enough exchanges and cooperation have been realized in this region owing to political barriers. As the cold war ends, a foundation capable of compensating mutual economic weaknesses and expanding mutual merits is being laid. Japan and the ROK should play a major role in turning this region from a tense one into a cooperative one by having each country cooperate and in creating a prosperous and open Northeast Asia. This is our dream which can be realized through efforts. It is not an exaggeration to say that the success or failure of this dream depends on the future cooperation between Japan and your country. [applause]

The Japanese people sincerely hope that the day will come when the peaceful reunification of the Korean peninsula is realized. This is because this is a key to peace and stability in the Northeast Asia. As a neighbor having many friends in Korea, we deeply understand your country's national desire for peaceful reunification. Whenever we hear about the Korean peninsula's separated families who have been forced to live separated, I feel heartbreaking pain.

Some Japanese people moved to North Korea with their wives. Their parents and relatives living in Japan want to reunite with them. It has scarcely happened, however. Most of these people are very old. In letters to me, they express their earnest hope to meet their daughters or sisters who have moved to North Korea—even once. The tragedy of division must end at the earliest possible date.

Needless to say, the peaceful reunification of the Korean peninsula must be achieved through dialogue between the North and South. In your country's proposal, the North-South agreement calls for exchange and cooperation. This agreement was signed during last year's North-South high-level talks. This is very noteworthy. As one of Aesop's fables says, one removes his coat not when the wind blows but when the sun shines. I was moved by your country's warm heart, with which you intend to treat with unchanging fraternal love those who have lived in a different political, economic, and social system from yours. Also, I sympathize with your country's idea that bringing North Korea into the international community, instead of isolating it, will contribute to reforms, changes, and opening in North Korea and, in particular, to stability on the Korean peninsula. I think that your country supported North Korea's United Nations admission based on that idea.

I strongly hope that North Korea, understanding your country's true intention, will act as a responsible member of the international community. Five rounds of negotiations have taken place between Japan and North Korea to normalize diplomatic relations. In holding these negotiations, our country attaches significance not only to rectifying abnormal relations but also to ensuring that the normalization of relations between Japan and North Korea will contribute to peace and stability on the Korean peninsula. This is in accordance with your country's idea that it is better to bring North Korea into the international community as a responsible member.

I would like to note that, based on this principle, during our talks with North Korea, our country has called on North Korea to positively participate in North-South dialogue, which is very important for peace and stability on the Korean peninsula. As a result of active discussions between them, Japan and North Korea have significantly promoted an understanding on each other's positions. Still, the two countries failed to narrow differences in basic principles. Because the nuclear development issue is very important to our region's security, I think that it is indispensable to settle it at any cost before Japan establishes diplomatic relations with North Korea.

The Japanese people sincerely hope that no nuclear weapons will be developed on the Korean peninsula. Therefore, Japan has long asked North Korea to receive nuclear inspection by the International Atomic Energy Agency [IAEA] and not to build nuclear reprocessing facilities. Japan highly assesses the denuclearization declaration, the proposal for North-South simultaneous inspections, the declaration that there are no nuclear weapons in the ROK, and various other measures that your country has taken to resolve this issue.

Also, the North and South initialed a joint denuclearization declaration late last year. This symbolizes significant progress in resolving the nuclear issue. We sincerely welcome this joint denuclearization declaration. As for Japan, it hopes that this agreement will be fulfilled as soon as possible. At the same time, Japan hopes that North Korea, as it stated that it would, will sign the IAEA nuclear safeguards accord and completely abide by it. By doing so, Japan plans to continue to strongly urge North Korea on this matter so that international concern over its nuclear development will be dissolved.

Japan expects that peaceful reunification, which will guarantee happiness for all the people on the Korean peninsula, will be achieved in the near future. Japan is planning to persistently continue negotiations with North Korea in close consultations with your country. [applause]

The Japanese people know very well that your country has made efforts for peace, freedom, and prosperity in the world. I consider testaments to your country's efforts toward that end are the 1988 Olympics, your country's cooperation in the multinational forces during the Gulf war, and the holding of the APEC ministerial meeting. The Japanese people highly assess such efforts by your country and sincerely wish it success.

Your country has become an influential country in the world. The world expects your country to play a more important international role. The presence of your country, which has many historical and cultural similarities to Japan, is very reassuring to me while we are starting a difficult voyage toward a new world. Solid relations between Japan and your country will greatly contribute not only to relations between the two countries but also to relations among countries in Asia and the world in general. I would like to define these relations of partnership in the Asian and global context.

To consolidate a basis for such important relations of partnership, among other actions, we must further promote mutual trust. What we must not forget in relations between Japan and your country is that during the history of exchange between our two countries, which spans thousands of years, our country was the assailant and that your country was the victim. I take this opportunity to again sincerely reflect on and express my sincere apology over the fact that people on the Korean peninsula suffered unbearable pains and sorrows because of our country's deeds.

The so-called comfort women issue has been raised recently. I am very grievous and very sorry for it. As a person who witnessed World War II, I think that we should teach new generations, who will be tasked with the 21st century, our wrongdoings as wrongdoings and correctly write history to ensure that they are not repeated. Our generation, including me, is responsible for this.

Japan has made efforts to promote a correct understanding of relations between Japan and the ROK and will do so in the future. I am resolved to ensure that the Japanese people and young people, in particular, have the courage to directly see the past, have an understanding of the feelings of those who suffered losses, and not repeat such wrongdoings. [applause]

Today, relations of exchange and mutual dependence between Japan and the ROK have grown significantly. I cannot deny the fact that new disputes and problems have emerged in this process. They can be settled through frank dialogue, however. I believe that the trade imbalance will be resolved when the two countries cooperate with each other to expand trade. To solve this problem, I proposed a forum to His Excellency President No Tae-u in which businessmen from the two countries will attend. I am planning to place this forum under my direct control and have frank discussions occur in it over reasons for the trade imbalance and solutions. The Japanese Government will handle this issue in a farsighted way. Looking forward to tomorrow's world, we must make every effort for harmony and cooperation between the two countries. This is an important step to intensify relations between Japan and the ROK in a farsighted way to build a new world. A mutual understanding between the two countries is the basis of mutual cooperation. To promote mutual understanding, the two sides must know each other's history and culture.

Since His Excellency President No Tae-u's visit to Japan the year before last, new interest in exchanges between Japan and the ROK and in your country's history and culture has been enhanced. I will take the following steps in order to further promote the enhancement of such interest: First, to more actively push ahead with education and study activities in Japan on the Korean peninsula's culture and language and joint study activities on them at universities in Japan and the ROK. We expect that academic and regional exchanges will develop between the two countries through such activities. Second, to translate into Japanese publications on your country's history, culture, and ideology through joint ROK-Japanese efforts and to publish them in Japan so that all Japanese of all social strata can deepen their understanding of your country. Third, to further strengthen the exchanges between the two countries' young people and children that have been put into practice thus far. Proceeding from this plan, we will invite again 500 children of your country to visit Japan for five years in the future, beginning next year. In addition to this, we will also push ahead with a wide range of exchange among neighboring countries, including our two countries. To this end, we are now studying and reviewing an expanded plan for exchange of young people among Japan, the ROK, China, and other neighboring countries.

On the other hand, I hope that your country will deepen its understanding of the history, culture, and society of Japan. When these joint efforts of the two countries are pushed ahead, our personnel and cultural exchanges will be further promoted and expanded, and, consequently, the relations of friendship and cooperation between the two countries will become firmer without fail. [applause]

National assemblymen here: Your country's economic growth, which has been called a miracle of the Han River, is already known in the world. The era in which Japan was the only advanced industrial country in Asia is passing. What the two countries should fulfill, hand in hand in Asia and in the international community, are evident in many fields.

First of all, Japan will push ahead with economic contributions to the world in cooperation with your country, which has become a donor nation. It is indeed outstanding that the two countries can push ahead economic cooperation with developing countries based on their rich experiences. I think that it is necessary for our two countries of Japan and the ROK, which have enjoyed the benefits of the free trade system, to make joint efforts in maintaining and strengthening this system, and we will cooperate with each other for success in the Urguay Round talks. At the same time, I would like to emphasize the need for our two countries to cooperate in the environmental field, a field for new cooperation. Let us cope with this problem as a task that our two countries should fulfill together so that they can create a bright 21st century and hand down beautiful natural property to our next generations.

National assemblymen here: In Fukuyama City, Hiroshima Prefecture, where I was born, there is a port village, which has been known as an important village for maritime transportation for a long time. This village is called Tomonoura and was the port where special envoys from your country landed in the past. I used to go there to play when I was a child. In this port village, there is still the building of the inn where the special envoy and his party would stay. Today we can see a signboard, Taichouro, still hanging on the building of the inn. People say that this signboard was written by (Hong Kyong-hoe), son of (Hong Kye-hui), the special envoy from your country

The sea off Tomonoura, where many islets, small and large, are scattered, is one of the areas with the most beautiful scenery in the Seto Inland Sea.

National assemblymen here: I want you to tour this historic spot without fail when you come to Japan. I sincerely hope that the relations of friendship and cooperation between the two countries will be maintained forever on the basis of the history of such exchanges between our countries' predecessors in the past. I will conclude my humble speech, hoping that my current visit to your country will contribute to promoting such historic relations between our two countries even to some degree. [applause]

Miyazawa Addresses Luncheon With Economic Leaders

SK1701083392 Seoul YONHAP in English 0739 GMT 17 Jan 92

[Text] Seoul, Jan. 17 (YONHAP)—South Korea's trade deficit with Japan is caused by its advancing economy and the transition to domestic consumption, and it will improve once the economy stabilizes, visiting Japanese Prime Minister Kiichi Miyazawa assured his hosts Friday.

Korea was in better economic condition than Japan after the 1964 Tokyo Olympics, when it experienced a stock market crisis, he said during a lunch with Korean economic leaders.

Miyazawa's remarks come amid mounting pressure on Japan to rectify the chronic trade imbalance, which was 8.8 billion U.S. dollars last year, 90 percent of Korea's 9.6 billion dollar deficit for the period.

Similar remarks by Miyazawa in Tokyo before his Seoul trip sparked criticism here that he was brushing off the seriousness of the bilateral trade problem.

The deficit was caused by increasing imports of Japanese capital goods as Korea's economy advanced and reoriented itself toward domestic consumption, Miyazawa told the business leaders.

Once Korean facility investment boosted productivity and the economy stabilized, exports would recover and the trade account would improve, he said.

Miyazawa Spokesman Urges Dialogue on WWII

OW1701053392 Tokyo KYODO in English 0518 GMT 17 Jan 92

[Text] Tokyo, Jan. 17 (KYODO)—Prime Minister Kiichi Miyazawa's chief spokesman said Friday Japan needs to help young people learn the history of its crimes during World War II.

Chief Cabinet Secretary Koichi Kato, commenting on Miyazawa's current trip to South Korea, said, "It is important for the two countries to promote dialogue and exchange opinions (on history education) not only at the top level but also at various levels."

Referring to a series of anti-Japanese demonstrations in Seoul and other cities, a high-ranking government source said Japan would review its history education and expect South Korea to "end its education of continuing to hate Japan."

Reports Continue on 'Comfort Girls' Issue

No Tae-u Orders Investigation

SK1701090092 Seoul YONHAP in English 0847 GMT 17 Jan 92

[Text] Seoul, Jan. 17 (OANA-YONHAP)—President No Tae-u told Prime Minister Chong Won-sik Friday to probe into the "teishintai" [comfort girls] issue and then figure out what to do about it.

"The anti-Japan mood here has been getting worse since people found out that Japan forced even primary school girls to become laborers or 'comfort girls' during the Pacific war period," No told Chong in their weekly briefing.

Some people were criticizing the government for its lukewarm attitude toward the problem, No grumbled, urging Chong to "take the necessary steps" as far as the atrocities can be proven.

In the meantime, a Health and Social Affairs Ministry official said the government might issue a permit to the Association of the Bereaved Families of Pacific War Victims to form an incorporated body with the bereaved families of draftees.

If the association submitted the pertinent documents to incorporate the new group, the Ministry would review them affirmatively, he said.

The Ministry has rejected applications by association to form a corporate juridical person eight times since June 1988, saying the association's personnel and its financial status failed to satisfy the legal requirements.

Party Leaders Voice Grievances

SK1701121592 Seoul YONHAP in English 1150 GMT 17 Jan 92

[Text] Seoul, Jan. 17 (YONHAP)—Political party leaders Friday urged in a meeting with Japanese Prime Minsiter Kiichi Miyazawa that the Japanese Government make efforts to rectify trade imbalance heavily favoring Japan and solve the problem concerning Japan's abuse of Korean women during the World War Two.

Kim Yong-sam, executive chairman of the ruling Democratic Liberal Party (DLP), said friendly relations between Korea and Japan will be possible only after the causes irritating the Korean people's sentiment are removed.

The causes include trade imbalance, teishintai, a corps of young women mobilized for forced labor or service as "comfort girls" in the Japanese Army during the World War II, and concerns about a militarily strong Japan, Kim said.

For the teishintai problem, in particular, it is necessary that the Japanese Government should make due apology and compensation, he said.

Kim Tae-chung, co-leader of the opposition Democratic Party, said he cannot but be skeptical for the question if the bilateral relations are developing desirably.

The Korean people's anti-Japanese sentiment stems from Japan's lack of repentance and effort for not to repeat its past wrongdoings, he stressed. [sentence as received]

The Japanese prime minister said he would make efforts to resolve the trade imbalance problem.

He also said that the greatest condition for the normalization of relations between Japan and North Korea is that North Korea should actually fulfill the nuclear safeguards agreement of the International Atomic Energy Agency.

Ruling Party Co-Chairmen Kim Chong-pil and Pak Tae-chun were also on hand at the meeting at the Korean National Assembly building.

Kim Yong-Sam Urges Compensation

OW1701123892 Tokyo KYODO in English 1051 GMT 17 Jan 92

[Text] Seoul, Jan. 17 KYODO—South Korean ruling Democratic Liberal Party leader Kim Yong-sam called on Japanese Prime Minister Kiichi Miyazawa Friday to compensate women drafted into Japan's World War II "volunteer corps," a Foreign Ministry official said.

"The public is agitated over the volunteer corps. It is necessary to apologize and offer compensation," Kim Yong-sam was quoted telling Miyazawa.

The "volunteer corps" includes women forced to serve as prostitutes in wartime military brothels in Asian countries, as well as conscripts who were brought to Japan to work in factories.

Kim said that reducing the 8.8 billion dollar trade imbalance in Japan's favor is necessary for improving bilateral relations, and called for cooperation from Japanese businesses.

Miyazawa, in the half-hour meeting with ruling and opposition party legislators, commented that he has admired South Korea's economic achievements for many years.

Kim Tae-chung, co-leader of the opposition Democratic Party, told Miyazawa that Korean feeling toward Japan has changed little since Japan's 1910-45 colonial period.

"Has Japan really reflected on the past? Why is there not thorough education" about Japan's harsh colonial rule?, Kim said.

"Japan has failed to win the confidence of not only Korea, but also of other Asian countries," he said.

Elderly Man Dies During Anti-Japanese Protest

SK1701075592 Seoul YONHAP in English 0743 GMT 17 Jan 92

[Text] Seoul, Jan. 17 (YONHAP)—A 69-year-old man died Friday during an anti-Japanese street demonstration in Yoido, western Seoul, the police said.

Chu Ki-song, a member of the Association of Pacific War Bereaved Families, dropped to the ground while protesting with some 150 fellow association members.

The resident of Mokpo, South Cholla Province, was carried to a nearby hospital, where he was declared dead.

A police spokesman said there was no fighting with riot troopers nor firing of tear gas at the time Chu collapsed, but some witnesses said he was kicked in the stomach by a policeman.

The national police agency is investigating his death.

The protesters demanded Japan apologize for mobilizing Korean girls, some as young as 12, for sex slaves during World War II and compensate the victims.

Editorial Views Key Issues in Japanese Relations

SK1701011092 Seoul THE KOREA TIMES in English 17 Jan 92 p 6

[Editorial: "Can't Japan Be Different?"]

[Text] Japanese Prime Minister Kiichi Miyazawa is now visiting Seoul for three days officially to resolve issues pending between the two nations in two rounds of talks with President No Tae-u. There are at least three outstanding subjects to be settled to further improve bilateral relations in the very fluid international environment.

At the moment the nation's emotional furor is centered around horrifying details newly discovered about the mistreatment of many young Korean women conscripted and forced to entertain Japanese soldiers during World War II. It really is unfortunate that we are still entangled up in issues of a tragic past due to a less than honest and compassionate Japanese attitude.

Another more serious immediate issue is the unhealthy economic relationship which the two nations see from extremely different perspectives. Korea's trade deficit with Japan has continued to grow and last year alone the amount reached $8.8 billion. While Japan is inclined to point out "structural problems" inherent in the Korean economy, we would like to ask Japan if it is earnestly ready to tackle this widening gap on the basis of cooperation in the true sense.

In this respect, Japan has been a consistent target of world-wide criticism, especially compared with another defeated nation of World War II, (West) Germany. Since Japan became an economic mega-power, helped by the Western nations, it has been less than willing to shoulder the problems of other nations, even those in the immediate proximity in Asia.

Another key issue that needs clear understanding by the two nations is Japan's initiative to normalize ties with North Korea. The Japanese attempt to establish ties with Pyongyang should be made in the direction of helping the eventual unification of the two Koreas. Tokyo should realize that the two Koreas have now barely began serious dialogue to improve their relationship.

The crux of the question is whether Japan is ready and willing to behave differently than in the past and become a trusted leader in the region as well as in the new world order which has begun to take shape gradually.

If Tokyo wants to do this, it has to seek to become a good team player rather than the star in a poor group. In this respect, we are closely watching how Japanese Prime Minister Kiichi Miyazawa's current visit to Seoul fares.

* Opposition Seeks 1.6 Trillion Won Budget Cut

* Details Committee-Level Cutbacks

922C0051A Seoul CHOSON ILBO in Korean 28 Oct 91 p 5

[By reporter Yi Ko-san: "The Opposition Seeks 1.6 Trillion Won Reduction in a 'Super-Inflated' Budget—Highlights of Its 'Struggle for Cutbacks' on the 1992 Government Budget Plan"]

[Text] The National Assembly standing committees completed their preliminary examinations of the won [W] 33.505 trillion government budget plan for fiscal 1992 on 25 October after adding W454.4 billion to it. The package was then immediately forwarded to the Budget and Audit Committee.

The committee-level increases include W255.9 billion by the Public Health and Social Affairs Committee for various social welfare and environmental protection programs; W156.1 billion by the Agriculture and Fisheries Committee, including W50 billion for a new Mankum seawall; and W17.1 billion by the Education and Youth Affairs Committee for teachers' retirement allowances.

Meanwhile, due to the difficulties in negotiations over the political bills the ruling and opposition parties have agreed to put off officially composing the Budget and Audit Committee until early November. Therefore, it is unlikely that the budget plan will come under serious deliberations before early next month.

The opposition maintains that "if we at least see what is there on the horizon in the current political negotiations, we will not persist in involving the budget plan in our struggle."

However, considering the vast difference over the political bills, it seems that budget deliberations are in for a very rough going.

Charging that the proposed budget is a super-inflated budget that doubled in size over the past 5 years, the opposition is bent on cutting it by W1.615 trillion.

Major items for which the opposition is mounting a cutback struggle are, by standing committee, as follows:

In the Legislation-Judiciary Committee, Democratic Party [DP] members are seeking a W3.1 billion reduction in the working expenses for public prosecutor's offices contained in the Justice Ministry budget. In addition, they are pushing for the total elimination of the W200 million earmarked for compensations to persons of "meritorious services for national security," the W200 million earmarked for wiping out "offenses jeopardizing industrial peace," and the W400 million for the ROK-Japan prison officers martial arts competition.

In the Foreign and Unification Affairs Committee, the DP plans, first of all, to push for the total elimination of the W7.4 billion allotted to the Advisory Committee on Democratic and Peaceful Reunification, along with a motion demanding the abolition of this committee.

With regard to the Foreign Ministry budget, DP legislators are already demanding the scrapping of the following items in its expenditure for diplomatic activities: special political activity program (W11.1 billion), support program for the Korean Residents Association in Japan (W5.3 billion), and the special economic diplomacy program (W2.6 billion). They charge that these items represent an irregular budget on behalf of the Agency for National Security Planning [ANSP]. As regards the budget for the National Unification Board, a cut by W7.3—including the W3.6 billion for a reunification observatory and other public information programs—remains an item for bargaining.

In the Administration Committee, the opposition will pursue a W2.1 billion reduction the draft budget for the Office of the Prime Minister, including the amount earmarked for public information activities on the ideology of democracy. Regarding the budget for the Ministry of Government Administration, the W1.2 billion for the operations of the 21st Century Committee will likely be the target for cut, along with a DP motion to abolish the committee itself.

In the Home Affairs Committee, opposition members will seek to readjust downward the revenue share linked with the internal tax revenue, in proportion to the size of the revenue yet to be determined. In case the current DP push for a tax cut should achieve the anticipated result, the W3.83 trillion in the government plan will be reduced by W211.4 billion.

In the National Police Agency budget, the DP is set to propose a W17.5 billion cut. Concerning the spending for local police agencies, it will push for a 30% cut in intelligence activity and a 70% reduction in security activity expenses, totalling W12.5 billion. In addition, the W2.4 billion for public security management programs and the W1.8 billion for security management of the National Police Agency facilities will also be targeted for cuts.

The opposition is demanding that the Home Affairs Ministry budget be curtailed by a total of W12 billion. Major items involved are the W3.4 billion special support fund for villages selected for "excellent local development activities"—an item accused of being a pork barrel—and the W4 billion set aside for subsidy programs for the Live-Straight Movement Central Council and the Saemaul Movement Central Council.

In the Finance Committee, the opposition demands the total elimination of the W76.2 billion interest subsidy for "special facilities to support exports" which it charges has become a loan program favoring big businesses.

In the Economy-Science Committee, the reserve funds are the hot issue. The government plan contains a total of W633.4 billion in reserve funds, accounting for 1.9% of the total expenditure plan. The opposition contends that the general reserve fund is destined end up as part of the ANSP-executed budget and largely wasted. Attacking it fiercely as a typical case of budgetary waste, the DP will be out to first lower the expansion rate in total expenditure to 18.2% over the 1991 principal budget, then cut the reserve fund expansion rate to 1.5%, for a total reduction by W155 billion.

In the National Defense Committee, the budget for the Ministry of National Defense [MND] is the biggest issue. The opposition pursues a tough line demanding a W295 billion cut, holding that the nation, amid the new tide of detente, needs a drastic cut in the defense spending to bring on, among other things, a favorable break in North-South negotiations. Especially, the ROK Government's share of the U.S. forces maintenance cost, which has doubled in the plan, and the Yongsan U.S. military base relocation cost, which is W1,300 billion over 5 years, are the major targets.

Most controversial next to the defense spending is the ANSP budget, which in the plan increased to W198.7 billion, a whopping W101.8 billion gain over the 1991 budget which was W96.9 billion. The opposition plans to get it slashed by W41.1 billion.

In the Education and Youth Affairs Committee, the financial grant contained in the Education Ministry budget will become the first target. While pushing for tax cuts, the opposition calls for a W190.9 billion reduction in the grant which is linked to the tax revenue.

At issue in the Education Ministry's general expenditure are items totalling W8.4 billion, including the W2 billion earmarked for overseas training program for primary and middle school teachers—a controversial item suspected of diversion into ANSP use—and government-paid overseas research-training program for university professors, and W5 billion for subsidies to academic research programs.

As regards the Sports and Youth Affairs Ministry budget, items totalling W7 billion including W5 billion for increased youth facilities will be a focus of bargaining.

In the Culture and Information Committee, the opposition, while making no issue of the Culture Ministry budget, demands a W5.8 billion cut in the Public Information Office budget, including the total elimination of the W2.8 billion for use to support activities of "organizations fighting to safeguard freedom."

Under fire in the Agriculture and Fisheries Committee is the W500 million earmarked to support the overseas training of farmers who have left their farms; the opposition is demanding its scrapping.

In the Commerce and Industry Committee, the opposition charges that the W4 billion earmarked for procurement of land for an information center of the Trade Promotion Corporation is totally against the government policy to curb construction projects by public institutes.

In the Public Health and Social Affairs Committee, the opposition is demanding an increase by W56.7 billion won in the Office of Environment budget. Among other things, DP lawmakers are urging appropriations of W43.3 billion for raw-wastes control and W9 billion for major water sources quality control measures.

With regard to the Health-Social Affairs Ministry budget, the opposition is demanding a W47.5 billion reduction including a cut by W41.3 billion in the regional medical insurance unions' operations-management budget. In the case of the expenditure for a nationwide investigation of toxic materials at major water sources, however, the opposition is requesting an additional W200 million.

In the Labor Affairs Committee, the W600 million expenditure for labor administration contained in the Labor Ministry budget is a subject of contention as the opposition maintains that it is for oppressive activities against workers.

In the Transportation and Communications Committee, the W10 billion for the bullet train project as a transfer from the Office of Railroads special account remains a subject of dispute; the opposition demands the withholding of the project.

Of the Communications Ministry budget, items totalling W9 billion, including the W1 billion for postal administration research program and the W5 billion for construction of mail centers, are the targets of reduction.

Concerning the Transportation Ministry budget, the opposition insists that the W10 billion for a new international airport on Yongjong Island be cut because it says that it is impossible to start the project now.

In addition to all these, the opposition is demanding cuts amounting to W318.6 billion from wasteful items in the proposed budget for ministries and agencies and W150.8 billion from the costs of supplies in the plan compiled on the assumption of future raises in public utilities rates.

Major Cuts Demanded By Opposition:

- 1. Reduction by W295 billion in the defense budget, and by W155 billion in reserve funds.
- 2. Withholding of the W10 billion for the Seoul-Pusan bullet train project.
- 3. Total elimination of the W8.6 billion for the Advisory Committee on Peaceful Reunification and the 21st Century Committee.
- 4. Cut by W41.1 billion in the expenditure for a new ANSP building.
- 5. Reduction by W211.4 billion in the local revenue share.
- 6. Slash by W199 billion in the Education Ministry financial grant.
- 7. Curtailment of wasteful expenses for ministries and agencies totalling W318.6 billion.

Major Increases Demanded by Opposition:

- 1. Additional W255.9 billion for social welfare and environmental protection programs.

* Defense Ministry Opposes Cuts

922C00518B Seoul CHOSON ILBO in Korean 28 Oct 91 p 5

[By reporter Kim Chang-su: "Details of the W8.4 trillion Defense Budget—Can be Roughly Divided into Operating, Maintenance Costs and Investment for Increased War Potential"]

[Text] The Ministry for National Defense's [MND] argument against cuts in the defense spending is primarily based on the view that the present situation, despite the change in the security environment including the circumstances surrounding the Korean peninsula, does not warrant optimism about national security yet.

Its position is that although chances of reconciliation are growing, as seen in the demise of the U.S.-USSR superpower setup and the simultaneous admission to the United Nations of North and South Korea, North Korea still clings to its reunification-through-communization line and any disarmament or arms reduction would be premature in this situation.

A setback in the war deterrent as a result of the planned cutback in the U.S. forces in Korea and a change in their role are also working as a factor adding to the need for a buildup of military capability.

Furthermore, in view of the military buildup trends in the neighboring countries, such as that in Japan and the modernization of the Chinese armed forces, this is the very time, the MND maintains, that the budgetary demands for a self-dependent defense system should be given serious consideration.

This is not to say, however, that the MND is solely engaged in calling for an arms buildup. Basically, it shares the perception that the nation should prepare for arms control and a flexible building of its military strength, with 1995—which North Korea designates as "the year of reunification"—as the reference point, and that the nation's military spending should also be readjusted accordingly. For the first time ever, it has disclosed details of its 1992 budget plan, roughly consisting of two type of expenditures—operating and maintenance costs, and investments for building up war potential.

The planned budget for fiscal 1992 is W8.425 trillion, a 12.7 percent gain over the preceding year's W7.4764 trillion, of which the operating and maintenance expenditure is W5.6423 trillion and the investment for military capability buildup W2.7827 trillion.

The operating and maintenance expenditure shows an increase by W767 billion over that in 1991. In this connection MND officials explain that it reflects a natural gain plus the pay raises for public employees and, as such, is an unavoidable increase. The increase is made up as follows: W251.9 billion won resulting from the increased service allowance for public employees; W124.8 billion for operating and maintenance of equipment installed under military-capability buildup programs; W18 billion as a natural increase resulting from increases in installations; and W248.7 billion from the 9 percent basic pay increase for public employees.

At the same time, the MND included in its draft budget an expanded incentive program for career servicemen to improve their morale and well-being, expanding the payment of the incentive allowance for noncommissioned officers, heretofore limited to the ranks of sergeant first class and master sergeant, to also cover staff sergeants and increasing its basic amount from W30,000 to W50,000—for a total of W4.2 billion.

Along with these increases in the operating and maintenance expenditure, military capability buildup programs became the focus in the process of the MND budget compilation.

At the current National Assembly session, the MND made it clear that its war potential programs for fiscal 1992 consist of continued programs and new programs and that they require W2.6904 trillion and W92.3 billion respectively.

Under continued programs, the MND lists the next-generation Korean fighter program (KFP), the surface-to-surface missile, Korea-type tank, 155-mm self-propelled gun, and the UH-60 medium-type helicopter programs. It holds that if these programs should be reduced or modified, it would inevitably create serious problems in the national defense.

In cases of major projects such as the KFP in particular, government-level agreements were already signed, including a memorandum of understanding. MND officials explain that if such projects should be forced to be discontinued because of budget cuts, they will be unable to rule out the possibility of the international trust for our nation being jeopardized. Since contracts have also been signed on most of those programs between defense industry establishments in the country and foreign corporations, they add, it could also lead to breach-of-contract disputes.

An MND source said: "The war potential buildup programs currently under way are not based on any levels that involve the question of superiority to the North; the concept involved is to secure a war deterrent for ourselves. It is our basic position that until such an independent deterrent is achieved, an appropriate size of defense spending should be guaranteed.

Burma

Border Tensions With Bangladesh Said Exaggerated

BK1701031292 Rangoon Radio Burma in Burmese 1330 GMT 16 Jan 92

["Press release" from Burmese Foreign Ministry; dated 16 January]

[Text] In recent days some newspapers have published exaggerated reports about tension rising between Myanmar [Burma] and Bangladesh due to the situation in the border area between the two countries; while some broadcasting stations have transmitted inaccurate news, quoting sources of information which could not be easily substantiated.

Unsubstantiated news reports and broadcasts, which were to the effect that tension between the two countries had become more pronounced, especially after the visit to Myanmar by the Bangladesh foreign minister in November 1991, are attempts aimed at driving a wedge and creating misunderstanding between the two countries. They also tend to give the impression that instability persists in the region.

The Union of Myanmar consistently pursues the five principles of peaceful coexistence, based on equality and mutual benefit, in its relations with neighboring countries. The Union of Myanmar does not have any major problem with any of its neighbors. When problems arise, as is usual among nations, Myanmar has always solved them in the spirit of good-neighborliness. Additionally, it holds the view that it is the responsibility of the two states concerned to find ways of resolving such problems.

From the time of independence, the Union of Myanmar has been able to resolve, through its own resources, the issue of insurgency and curb the endeavors of certain countries which are encouraging them. At the present time, the State Law and Order Restoration Council [SLORC] Government is systematically eradicating the various groups of insurgents in order to bring about peace, tranquillity, and development for its citizens. Moreover, several misguided groups of national races have been officially restored to the fold and are now participating within the huge, expansive framework of the border region and indigenous people development scheme in order to raise the level of living standards through the use of our own internal resources.

Since the government's successful obstruction of the activities of some unscrupulous elements with anarchic tendencies in September 1988, certain groups that had sought refuge with insurgent-terrorists have been waiting for an opportunity to take advantage politically through attempts aimed at destroying the unity of the country with outside assistance. It can be found that these elements, with advice from the Karen insurgent-terrorists, try to appear as though they possess considerable force and are engaged in destructive activities in the western part of Myanmar. Because of the activities of these destructive elements there were a number of incidents during December 1991 along the Myanmar- Bangladesh border. Even before this period, because of their uncertain status, some people, fearful of facing the routine immigration checks which were carried out throughout the country, fled the area. This event was picked up by some newspapers and broadcasting stations and presented in an exaggerated manner to the world as though a serious problem existed.

The Union of Myanmar will continue to conduct mutually beneficial relations with each and every neighbor based on the five principles of peaceful coexistence—principles to which the Union of Myanmar has aways adhered.

Mauritius Minister Departs Rangoon 15 Jan

BK1501141292 Rangoon Radio Burma in Burmese 1330 GMT 15 Jan 92

[Text] Mr. Anil Kumar Baichoo, Mauritius minister for trade and maritime affairs, and delegation, who arrived in Myanmar [Burma] on 13 January 1992, left Yangon [Rangoon] by Myanmar Airways this afternoon.

The delegation was seen off at Yangon Airport by Brigadier General Abel, minister for planning and finance and for trade; U Maung Maung Kyaw, director general from the directorate of trade; U Win Kyi, managing director of Myanmar export and import enterprise; and responsible personnel from the trade ministry.

Brunei, Malaysia & Singapore

Malaysia

Economic Links With SRV Expected To Increase

BK1601095892 Kuala Lumpur BERNAMA in English 0856 GMT 16 Jan 92

[Text] Kuala Lumpur, Jan 16 (OANA-BERNAMA)—Malaysia's bilateral and trade cooperation with Vietnam, the last trade frontier in the region next to China, is expected to be stepped up with the visit of Prime Minister Vo Van Kiet on Monday.

"It is our intention to improve economic relations with Vietnam which has a potentially large market," a senior Foreign Ministry official told BERNAMA Thursday.

He said although several senior leaders from that country had visited Malaysia in the past, Vo's visit here would bring the first large delegation from Vietnam, after the normalisation of diplomatic relations between the two countries.

Vo will be heading a 28-member delegation which includes several ministers and deputy ministers during the four-day visit. Also in the delegation will be Foreign Minister Nguyen Manh Cam, Minister for Construction

Ngo Xuan Loc and Chairman of the State Committee for Cooperation and Investment Dau Ngoc Xuan.

In conjunction with the visit, an 18-member Vietnamese cultural dance troupe will be arriving on Saturday for a week-long tour of the country.

The Foreign Ministry official said the Vietnamese leader would be having discussions with Prime Minister Dr. Mahathir Mohamed, to be followed by separate discussions between officials of the two countries at the Prime Minister's Department on the first day of the visit.

The official declined to say what subjects would be discussed at the meetings but sources said trade would be the main topic of discussion. However, other issues such as Vietnamese illegal immigrants might be raised.

Meanwhile, the business community here said the visit would enable Malaysian businessmen to get a better picture Vietnam's re-construction programme following its move to re-enter the free market economy after years of Soviet-style central planning.

The National Chamber of Commerce and Industry (NCCIM) said in a statement that Vietnam was actively seeking to expand its foreign economic relations after the country embarked on its fifth five-year development plan (1991-1995), which includes the establishment of a mechanism for rational economic management and increased exploitation of domestic resources.

One businessman said "Although there is trade between Malaysia and Vietnam, we are a bit slow in improving trade cooperation compared with certain countries in the region such as Singapore and Thailand".

He said maybe Thailand was geographically close to Vietnam and Singapore had had direct and indirect trade and economic links with the country for quite some time, but Malaysia had to move in fast to grab the vast opportunities there or lose out.

At the moment the trade balance was still in Vietnam's favour, he added.

Malaysia imported about U.S.$44.6 million worth of products from Vietnam in 1990 and about U.S.$38.4 million worth for the period from January to September last year. It exported about U.S.$6.24 million worth of goods in 1990 but for the period January to September last year the amount more than doubled to about U.S.$14.84 million worth.

Imports include rice, natural rubber and latex, sea food, vegetables and paper products while Malaysia exports sugar, petroleum products and meat, among other things, to Vietnam.

It was reported that among the products that have potential market in Vietnam, which has a population of about 60 million people, is palm oil.

At the end of Vo's visit here in February last year, he said Vietnam would like to promote trade cooperation and expand investment cooperation in fields such as oil and gas, mining, banking, agriculture and the training of economic managers and technicians.

The joint committee for economic and technological cooperation, which was set up by the two countries following the visit, met in Kuala Lumpur in March last year. Both countries had also signed an air services agreement.

Minister Confirms No Adjestments in EAEC Plan

BK1701035492 Kuala Lumpur BERNAMA in English 0312 GMT 17 Jan 92

[Text] Kuala Lumpur, Jan 17 (OANA/BERNAMA)—Indonesia is not proposing adjustments to the East Asia Economic Caucus (EAEC) concept, Malaysian International Trade and Industry Minister Rafidah Aziz said Friday.

She said Indonesian Trade Minister Dr. Ariffin Serigar told her this in a telephone conversation she had with him Thursday morning.

Dr. Ariffin told her that press reports that Indonesia would propose the adjustments at the ASEAN summit in Singapore later this month were not true, she told reporters here.

It was reported in the press on Wednesday that Indonesia was proposing adjustments to the EAEC concept in the light of recent international developments.

EAEC was initiated by Malaysia.

Cambodia

Sihanouk Not To Resign 'For the Time Being'

BK1701075092 Hong Kong AFP in English 0722 GMT 17 Jan 92

[By Sheri Prasso]

[Text] Phnom Penh, Jan 17 (AFP)—Prince Norodom Sihanouk told one of the key architects in the Cambodian peace process, Indonesian Foreign Minister Ali Alatas, on Friday that he would not quit as head of the Supreme National Council (SNC) for the time being.

"For now I am staying," said Prince Sihanouk, who allowed the foreign press into the palace for the first time in more than a month. "I only threatened to resign, that's all."

But he cautioned: "The drawer is open for my resignation."

He said a dispute with the Hun Sen government was one of the main reasons for his threat—issued twice by communique earlier this week.

The communiques blamed what the prince called the foreign media's "policy of discrimination, injustice and contempt" for the threat to resign.

Phnom Penh government television has been repeatedly broadcasting scenes of weeping villagers who were attacked by bandits and were pleading for Prince Sihanouk to protect them.

The prince said he had no army or administrative powers, and protection of the population is the duty of Hun Sen's government.

"I cannot be responsible for banditry and so on," he said. "Now the government accepts to make a clarification in front of the villagers."

Prince Sihanouk also announced the visit of Yasushi Akashi, the recently appointed head of the United Nations Transitional Authority in Cambodia (UNTAC), who is due to arrive next Wednesday.

Akashi will spend five days here meeting with members of the SNC and traveling to the headquarters of the four factions.

Prince Sihanouk said he would travel with him. He had cancelled earlier trips to the provinces because he did not feel secure, diplomats here said.

On Saturday, the prince said he would go to Kompong Speu to supervise a second release of political prisoners and prisoners of war.

Groups of detainees are gradually being set free under supervision of the International Committee of the Red Cross (ICRC).

"We will have a new Cambodia," the prince told Alatas, describing the reforms newly agreed by the SNC Secretariat this week allowing a free press, a multi-party system and unlimited access for foreign journalists.

"There will be from now on a liberal democracy. You will see here very soon, opponents even of Prince Sihanouk," the prince said. "It's a big step forward."

He said there would soon be one or two new parties in Cambodia, "and before elections there will be 10 parties at least."

Describing the spat that kept his son Prince Norodom Ranariddh away from the last SNC meeting, Prince Sihanouk said the "reconciliation is coming" and that his son would arrive later Friday to meet Alatas.

Alatas had requested that leaders of all factions meet him in Phnom Penh to discuss the peace process, diplomats said.

Khmer Rouge leader Khieu Samphan has spent two consecutive days here—for the first time since his regime was driven out in 1979.

Prince Sihanodk said Prince Ranariddh was upset because Cambodian People's Party President Chea Sim would not let him change FUNCINPEC's [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] name to the Sihanoukist Party.

"I gave him the power to change the name. Then I withdrew it. Ranariddh got angry with his father," Prince Sihanouk said. "It was not serious."

Ranariddh on Relations With Sihanouk, Chea Sim

BK1701012992 Bangkok THE NATION in English 17 Jan 92 p A4

[By Yindi Loetcharoenchok]

[Text] Cambodian leader Prince Norodom Ranariddh yesterday denied that there was any rift between him and his father, Prince Sihanouk, that had led him to cancel his trip to Phnom Penh last week.

Ranariddh, in turn, expressed his dissatisfaction with Phnom Penh leader Chea Sim's interference in his FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party's affairs, saying such a move was a violation of the Cambodian peace accord signed by the four rival Cambodian factions last October in Paris.

He accused Chea Sim, chairman of the Cambodian People's Party, of persuading Sihanouk to reverse his earlier decision to allow the FUNCINPEC to assume the new name of "Norodom Sihanoukist Party."

Sihanouk "reversed his decision following a complaint" by Chea Sim and his party, "whereas no other party raised any objections," Ranariddh said in a statement released on Wednesday.

The FUNCINPEC leader said he cancelled his trip to Phnom Penh last Saturday where he was scheduled to attend the second-round meeting of the Supreme National Council (SNC) because of Chea Sim's and his party's move, and because Phnom Penh, which was "the seat of the SNC, does not constitute a neutral environment". Ranarridh last week cited poor health as preventing him from returning to Phnom Penh to attend the forum.

There could not have been any opposition from Sihanouk to the use of the new name for FUNCINPEC, said the release. It added that Chea Sim's "reaction was contrary to the principles of liberal democracy whereby every party is free to choose its own name... in the spirit of the Paris accord, contesting the new name... is a violation of the principle of equality between the parties."

Ranarridh accused Chea Sim and the People's Party of exploiting Sihanouk's popularity to benfit Phnom Penh's political activities. He (Ranariddh) said he did not voice any objection to this practice, according to the release.

Ranariddh denied that the SNC, a unified interim authority composed of the four Cambodian parties, could not function.

The problem was, he said, due the lack of recognition of the SNC as the "sole legitimate body and source of authority in Cambodia" and to the absence of the UN Transitional Authority in Cambodia (UNTAC) and the special representative of the UN secretary-general who were to arrive in the country to oversee the implementation of the peace agreement, he said.

Sihanouk Meets Japanese Parliamentary Delegation

BK1601023492 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 15 Jan 92

[Text] His Royal Highness Prince Norodom Sihanouk, head of state and chairman of the Supreme National Council [SNC] of Cambodia, received in audience a Japanese parliamentary delegation led by Makoto Tanabe, leader of the Japanese Social Democratic Party, at Khemarin Palace on the evening of 14 January.

His Royal Highness Prince Norodom Sihanouk was very pleased with the visit by the parliamentary delegation of the Japanese Social Democratic Party at a time when Cambodia is moving toward peace. The samdech briefed the guests about the activities of the SNC, which had held successive meetings in Phnom Penh on the implementation of the Paris peace accord, despite some violations committed by the Khmer Rouge.

His Royal Highness Prince Norodom Sihanouk added that he was extremely happy to see His Excellency [H.E.] Yasushi Akashi, a Japanese, coming to lead the UN operation in Cambodia. The samdech also asked the Japanese Government to quickly help repair the Chrouy Changva bridge and provide aid for the restoration and development of Cambodia, which has been devastated by more than 20 years of war.

In his reply, Mr. Makoto Tanabe profoundly thanked His Royal Highness Prince Norodom Sihanouk for granting him the audience. He pledged to bring the samdech's requests to the attention of the Japanese Government, which intends to see Cambodia have genuine peace and help restore and rebuild Cambodia toward prosperity.

Delegation Leaves 16 Jan

BK1701074792 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 17 Jan 92

[Excerpt] The parliamentary delegation of the Japanese Social Democratic Party led by Mr. Makoto Tanabe left Phnom Penh on 16 January after ending a three-day visit to the State of Cambodia from 14 to 16 January 1992. [passage omitted]

UNHCR Delegation Arrives for Visit 16 Jan

BK1601090192 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 16 Jan 92

[Text] Chief of the United Nations High Commissioner for Refugees [UNHCR] Mrs. Sadako Ogata and delegation, arrived in Phnom Penh on the morning of 16 January for a four-day visit from 16 to 19 January.

During her stay in the State of Cambodia [SOC], Mrs. Sadako Ogata will meet with His Royal Highness Prince Norodom Sihanouk, Cambodian head of state and chairman of the Supreme National Council [SNC]; His Excellency [H.E.] Hun Sen, chairman of the SOC Council of Ministers and SNC member; H.E. Kong Sam-ol, vice chairman of the Council of Ministers; and H.E. Hor Namhong, SOC foreign minister and SNC member.

These meetings will focus on the repatriation of Cambodian refugees currently living in various camps in Thailand.

At Pochentong Airport, Mrs. Sadako Ogata was accorded a warm and cordial welcome by Phi Thach, SOC deputy foreign minister; Miss Phlek Phirun, chairman of Cambodian Red Cross; and many officials from the Foreign Ministry.

Sihanouk Receives Commissioner

BK1601135092 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 16 Jan 92

[Text] At 1100 on 16 January at the Khemarin Palace, His Royal Highness Prince Norodom Sihanouk, Cambodia's head of state and chairman of the Supreme National Council [SNC], granted an audience to Mrs. Sadako Ogata, commissioner of the United Nations High Commissioner for Refugees [UNHCR].

His Royal Highness Prince Norodom Sihanouk expressed great joy and warmly welcomed Mrs. Sadako Ogata's visit to Cambodia. The prince also thanked the UNHCR for paying attention to the repatriation of Cambodian refugees from various camps in Thailand.

In reply, Mrs. Sadako Ogata thanked the prince for granting her an audience. She emphasized the rights and freedom of the refugees to be repatriated and pledged to help build temporary centers in various provinces for housing the Cambodian refugees to be repatriated to their motherland.

His Excellency Kong Sam-ol, vice chairman of the Council of Ministers of the State of Cambodia and chairman of the Refugee Reception Committee, and the officials from the other Cambodian parties were also present on that occasion.

Sihanouk Accepts Credentials from Indonesian Envoy

BK1601085192 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 16 Jan 92

[Text] On the morning of 15 January at the Khemarin Palace, His Royal Highness Prince Norodom Sihanouk, head of state and chairman of the Supreme National Council [SNC] of Cambodia, granted an audience to Indonesian envoy His Excellency [H.E.] Taufik Sudardo, who came to present his credentials to the samdech.

On that occasion, His Royal Highness Prince Norodom Sihanouk welcomed the nomination of H.E. Taufik Sudardo, which constitutes the resumption of diplomatic ties between Cambodia and Indonesia. The samdech added that on behalf of the SNC and the Cambodian people, he wished to express profound gratitude to the Indonesian Government—the cochairman of the Paris international conference on Cambodia—for its endeavor in promoting the Cambodian peace process.

Hor Namhong Thanks SRV Foreign Minister

BK1701074592 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 17 Jan 92

["Message of Thanks" from Foreign Minister Hor Namhong to Nguyen Manh Cam, foreign minister of the SRV; date not given—read by announcer]

[Text] I would like to sincerely thank your excellency for the greetings that you sent me on the 13th anniversary of the State of Cambodia's 7 January National Day.

I firmly believe that the relations of solidarity, friendship, and cooperation between Cambodia and Vietnam, specifically between our two Foreign Ministries will further thrive.

I am looking forward to meeting your excellency in Phnom Penh soon. We will then have the opportunity to hold discussion with a view to developing the good relations between our two countries.

May your excellency have the best of health and new, still greater successes in the performance of your noble tasks.

Hor Namhong Receives Lord Caithness 12 Jan

BK1601144192 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 15 Jan 92

[Text] On 12 January at the Chamka Mon state palace, His Excellency [H.E.] Hor Namhong, foreign minister and member of the Supreme National Council [SNC] of Cambodia from the State of Cambodia [SOC] side, held a cordial meeting with H.E. Lord Caithness, British minister of state, who is paying a three-day official visit to Cambodia.

During the talks, H.E. Hor Namhong profoundly thanked the British Government—a permanent member of the UN Security Council—for its efforts in contributing to the search for a solution to the Cambodian problem, leading up to the achievement of the peace accord signed in Paris on 23 October 1991.

Along with warmly welcoming the visit by the British minister of state, H.E. Hor Namhong pointed out that the current situation was that the UN special representative and a contingent of the UN Transitional Authority in Cambodia [UNTAC] should be dispatched to the country to oversee—and this is the most important move—the implementation of the cease-fire, the troop demobilization, and the repatriation of Cambodian refugees. He stressed that the three aforementioned issues were the keys to politically resolving the Cambodian problem and speeding up holding elections in the future.

His excellency also reaffirmed the SOC side's determination to implement the Paris accord and called on the other parties to follow 100 percent the SOC side to create tranquility and stability in Cambodian society with a view to restoring peace throughout the country. He also spoke about a number of difficulties arising in the implementation of the peace accord since the Khmer Rouge group continued to create a number of obstacles, such as violating the cease-fire and establishing national councils in remote localities. He pointed out that the Khmer Rouge faction still has a longstanding ambition to retake and seize power in Cambodia in the future although at present it does not show the desire. That being the case, H.E. Hor Namhong appealed to the international community to support any new government in Cambodia in its drive to prevent the calamity of the past from recurring in the country.

Moreover, H.E. Hor Namhong talked about the contribution to the search for peace in Cambodia made by the Italian Government, which recently donated $25 million for UNTAC's operation and the restoration of Cambodia. He indicated that in the coming years, Cambodia will badly need funds to restore the country and to finance UNTAC for the implementation of the Paris peace accord.

In his reply, Lord Caithness mentioned that his government would use its role as a UN Security Council permanent member to make the Paris accord ultimately successful. He also expressed pleasure with the involvement of the UN Advance Mission in Cambodia with which the SOC Government has closely cooperated. He also welcomed the nomination of Yasushi Akashi as the special representative and head of the UN operation in Cambodia to lead UNTAC in the future. He also welcomed the United Nations for having sent mine clearing teams and groups of trainers for this purpose to Cambodia.

During the talks, the British minister of state pledged to provide more aid to Cambodia within the framework of the implementation of the Paris accord and to UNTAC.

That night, H.E. Hor Namhong hosted a solemn reception in honor of the British minister of state and his delegation. Present at the banquet were chiefly diplomats of the five UN Security Council permanent member countries, members of the SNC, Ataul Karim, Michel Loridon, and several other Cambodian personages.

Alatas Views Elections, Peace Process

BK1701123292 Hong Kong AFP in English 1221 GMT 17 Jan 92

[Text] Phnom Penh, Jan 17 (AFP)—Cambodia's elections could be postponed until the end of 1993, Indonesian Foreign Minister Ali Alatas, a key player in the resolution of the Cambodian conflict, said Friday.

The foreign minister, speaking at a press conference on the eve of his departure from Cambodia, said preparing elections "is a very intricate and complex problem" that will take at least nine months. They are tentatively scheduled for April 1993.

Work cannot begin until the United Nations Transitional Authority in Cambodia (UNTAC) is in place. UNTAC is due to be deployed by the end of April, but "whether it will be fully operational or partially operational is not yet clear," Alatas said.

"Unless certain things start to be fully operational by April, we will have some serious complications when the rainy season starts," he said.

Cambodia's rainy season goes from May to October, during which time it is difficult to move supplies and prepare the groundwork for elections.

"I continue to believe we should continue to think of having the elections take place sometime in 1993," he said.

After the elections, the elected representatives must form a government, a process which will take some time.

"We hope this process will indeed end in 1993 and not 1994," Alatas said.

The foreign minister said he was satisfied from his talks here with participants in the peace plan that the process was going smoothly.

"Several sides admitted there were clashes, but they were minor and apparently took place in rather remote regions, so on the whole the cease-fire has held up quite well," he said. But he conveyed the request by all sides that UNTAC be deployed as soon as possible. Without it, there is not the neutral political environment envisaged under the peace treaty, he said.

"It's not yet a level playing field, to use an American expression," Alatas said. "But much will change the minute UNTAC's presence is here, even a partial presence, not a full presence."

Alatas holds much influence over members in the Cambodian peace process, but this visit he said he did more listening than persuading.

Khmer Rouge leader Khieu Samphan, however, flew in just for the visit.

Alatas was due to leave Saturday to attend the summit of foreign ministers of the Association of South East Asian Nations (ASEAN) in Singapore next week.

"We'll try to see together what we as ASEAN can do in contributing to the success of this operation," he said.

PRC Foreign Minister 'Likely' To Visit in Feb

BK1701074992 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 17 Jan 92

[Text] PRC Foreign Minister Qian Qichen is likely to visit Phnom Penh in February, a trip twice postponed by unrest in the capital city.

Hun Sen of the State of Cambodia [SOC] told reporters that Vietnamese Foreign Minister Nguyen Manh Cam also was expected to visit Phnom Penh, but no date has been confirmed.

The Chinese and Vietnamese foreign ministers delayed their planned visits to Phnom Penh in December in the wake of demonstrations staged by the Cambodian people against corruption practiced by SOC officials. Several demonstrators were killed in a bloody crackdown carried out by the SOC Government.

Qian Qichen had been due to come to Phnom Penh in early December, but called off that trip after an attack on 27 November on Khmer Rouge leaders as soon as they had returned to Phnom Penh under the Paris 23 October 1991 peace accord.

Hun Sen told reporters that he expected Qian Qichen to arrive in the second week of February.

FAO Donates Rice to War Refugees in Kompong Speu

BK1601061892 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 15 Jan 92

[Text] On 9 January, a convoy of trucks of the Cambodian Red Cross committee carried 100 tonnes of husked rice for war refugees in a number of districts in Kompong Speu Province. The rice, donated by the Food and Agriculture Organization [FAO], will be distributed by the Cambodian Red Cross committee to the victims in Treng Tra-yoeng in the Phnum Sruoch District and in O Koki in the Aoral District.

The war refugees in Kompong Speu Province profoundly thanked the FAO for its great concern about the living conditions of the Cambodian people.

Five Political Prisoners Released in Kompong Speu

BK1701091392 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 17 Jan 92

[Text] Kompong Speu Province recently released the following five political prisoners: Pol Phan, 30, and Pol Kang, 48, natives of Ta Tung village in Ta Heng Commune; Mau, 40, native of Kandal village in Maha Sang Commune; and Kang, 57, and Mam Saoy, both natives of Sambo village in Maha Sang Commune.

Indonesia

Newsmen Sacked for Printing Article on E. Timor

BK1701130192 Hong Kong AFP in English 1117 GMT 17 Jan 92

[Text] Jakarta, Jan 17 (AFP)—Three journalists for the weekly magazine JAKARTA JAKARTA have been sacked for publishing an article quoting witnesses of the November 12 massacre in East Timor, sources at the magazine said Friday.

The article on the army's firing into a crowd of mourners, which earned the Indonesian Government worldwide condemnation, appeared in the magazine's January 4 edition.

The names of the three—executive editors (Senomira) Ajidarma and Waskito Trisnoadi, and editor for Indonesian affairs Usep Hermawan—did not appear in JAKARTA JAKARTA's editoral staff list in Friday's issue.

The sources, who requested anonymity, said the three would be offered work in other businesses within the group that owns the magazine.

The magazine is part of the Gramedia Group, a large diversified business group mainly known for its press holdings. Three queries from armed forces headquarters over the magazine's reports on the Dili shootings since November 23 preceded the sackings, the sources said.

A magazine executive who refused to be named said the removal of the three from their posting was simply part of the magazine's editorial "reorganisation."

A National Commission of Investigation (KPN) set up by Indonesian President Suharto to probe the incident has said that about 50 people died and some 90 others have remained missing.

The KPN said that some troops, acting without orders, shot into a crowd of mourners. But witnesses have said the death toll could have topped 100.

The January 4 edition of JAKARTA JAKARTA had the East Timor massacre as its main topic and carried accounts of several witnesses, including some who had been arrested but released shortly afterwards and some who had been injured.

Several witnesses were quoted as telling of the violence and maltreatment they had witnessed or had received from troops in the wake of the shooting.

It also quoted a local parliamentarian as saying that troops opened fire on a crowd at a cemetery in Dili on November 12 after one of its officers fired one warning shot. The parliamentarian, identified only as "Paolo," also said he saw troop members stab wounded people after the shooting.

Another local parliamentarian, an older brother of East Timor Governor Mario Viegas Carrascalao, was quoted as saying that shortly after the shooting he saw 35 bodies on a truck and 15 others on the ground.

There were two other trucks nearby but their contents could not be ascertained, the legislator said.

Minister Reaffirms Plan for Nuclear Power Plants

BK1601074892 Jakarta ANTARA in English 0649 GMT 16 Jan 92

[Text] Jakarta, Jan 16 (OANA-ANTARA)—Research and Technology Minister B.J. Habibie said here on Wednesday that interconnection of the electricity network system which would be carried out between Sumatera and Java did not mean that the plan to build nulear powerplants (PLTNs) in Indonesia would be abandoned.

"The development of PLTNs would be carried out, but as a last choice, because a great number of energy sources for power generating can still be developed such as water, coal, and geothermal energy," the minister of research and technology concurrently chairman of the Agency for the Assessment and Application of Technology (BPPT), told the press after the opening of a workshop on the "Sumatera-Java Electricity Interconnection."

He went on to explain that nuclear powerplants would be used as electric power sources in Indonesia in the future as had been the case in advanced countries such as France, Japan, and Taiwan which now depended mostly on electric power derived from nuclear energy.

"However, this will be done gradually because at present Indonesia has many still unexploited natural resources," he said.

The minister further explained that the development of the Sumatera-Java electricity interconnection system was aimed not only at reducing production costs, but also at utilizing to the full coal and geothermal energy in Sumatera as energy sources for power generating.

"At present coal deposits in South Sumatera were abundantly available and estimated at about 18.7 billion tons which were capable of producing thousands of megawatts of electricity," he said. "Through the interconnection system, a substantial number of powerplants can be built in Sumatera. Through a transmission network of submarine cables, electricity can then be supplied to Java," Habibie remarked.

He admitted that for the present the setting-up of new electric interconnection systems could be done only in Java, Bali, and Sumatera because of favourable economic and transportation infrastructures in those regions.

After the construction of proper infrastructures on the other islands, the setting-up of inter-island interconnection systems would automatically be realized throughout Indonesia, he asserted.

According to Habibie, the setting-up of the Sumatera-Java electricity interconnection network from the technological aspect posed no problems.

The possible obstacles for the realization of the Sumatera-Java interconnection network were lack of funds and technical knowhow. Therefore, the workshop could provide inputs to overcome these obstacles, Habibie said.

Meanwhile the director general of electricity and new energy, Dr. Ir. [academic title] Artono Arismunandar, in his address at the workshop, said that the Sumatera-Java electricity interconnection system would encourage industrial growth in Sumatera.

It would also increase the supply of electricity to the people of Sumatera to same level as on Java, he added. On the possibility of inviting the private sector to invest in the field of electricity transmission through interconnection, the director general said that it would be difficult because investment in this field was not very profitable.

Speakers at the two-day workshop were among others the director general of oil and gas, the director general of general mining, and the president director of P.T. Tambang Batubara Bukit Asam—the state-owned Bukit Asam Coal Mining Company.

Laos

UK's Lord Caithness Arrives for Visit 16 January

Meets Phoun Sipaseut, Other Officials

BK1701085392 Vientiane Vitthayou Hengsat Radio Network in Lao 0500 GMT 17 Jan 92

[Text] Lord Caithness, British deputy secretary of state for foreign affairs, is currently paying an official visit to Laos. This is the first official British visit to Laos since the liberation of the Lao People's Democratic Republic [LPDR] in 1975.

On the afternoon of 16 January Souban Salitthilat, Lao deputy minister of foreign affairs, held a meeting with Lord Caithness, British deputy secretary of state for foreign affairs. The meeting proceeded in a cordial and straightforward manner. The two sides exchanged views on the situation in their respective countries and in the region, as well as on the strengthening of relations between the two countries. The Lao deputy minister of foreign affairs highly assessed this first visit to Laos by the high-level British delegation following its official visits to the SRV and the State of Cambodia. The visit, he said, has significantly contributed to the enhancement of friendly relations between Laos and Britain. The Lao side has highly appreciated the role of Britain, as a permanent member of the UN Security Council, in positively contributing to settling the disputes in Cambodia. The two sides highly assessed the settlement of the Cambodian people's problem of peace. They called on all Cambodian factions to strictly implement the Paris accord in order to bring back to the Cambodian nation genuine peace and stability.

The British deputy secretary of state for foreign affairs, Lord Caithness, expressed regret over the situation in this region. He expressed satisfaction over restructuring in the LPDR, in which the natural economy has been turned into a market-oriented economy, the change of which has conformed with the trend of the world. He also hailed the foreign policy of Laos, which has desired to be good friend and to maintain cooperation with the ASEAN countries with the spirit stipulated in the Paris accord. The British deputy secretary of state for foreign affairs also praised and hailed the good relations between Laos and the Kingdom of Thailand, which are neighboring friends. Lord Caithness informed the Lao side of the good intentions of the British Government to render aid to Laos through international organizations in the immediate future.

In addition, the two sides exchanged views on the problem of narcotics suppression in the LPDR.

On the afternoon of the same day, Phoun Sipaseut, deputy prime minister and minister of foreign affairs of the LPDR, also received a courtesy call from Lord Caithness and delegation. The two discussed many important issues, including the means to strengthen relations and cooperation between the two countries in the immediate future. They also exchanged views on both regional and international issues of common interest.

The British deputy secretary of state for foreign affairs, Lord Caithness, arrived in Vientiane at noon on 16 January for a two-day visit to the LPDR, at the invitation of the LPDR Foreign Ministry.

Departs for Bangkok

BK1701141992 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 17 Jan 92

[Text] Lord Caithness, British deputy secretary of state for foreign affairs, this morning concluded his visit to Laos and left Vientiane for Bangkok on his way home.

Prior to his departure, Lord Caithness met with Phao Bounnaphon, minister of foreign economic relations, for one hour, during which they discussed appropriate means to promote cooperation between Laos and the United Kingdom.

During his stay, Lord Caithness and his delegation also visited ancient shrines in Vientiane.

UN Development Program To Reduce Opium Growing

BK1501103492 Vientiane KPL in English 0911 GMT 15 Jan 92

[Text] Vientiane, Jan 15 (KPL)—On 14 January 1992, representatives of the Lao National Commission for Drug Control and Supervision and the United Nations International Drug Control Programme (UNDCP) announced the signature of the Lao/UNDCP/IFAD [International Fund for Agricultural Development] Xieng Khouang highland development programme. The programme consists of three projects: a project for the agricultural development of the province, a project aimed at social and integrated district development in opium-growing areas of Xieng Khouang, and a project for labour-based construction of rural roads in opium-growing areas of Xieng Khouang.

The objective of the programme is the initiation of a sustainable rural development process which will lead to increases in agricultural production, improvement in the quality of life, including the reduction of opium addiction, increases in rural household incomes, [and] the gradual elimination of opium-poppy cultivation.

The programme is funded by a U.S. $6 million grant for technical asistance from the United Nations International Drug Control Programme (UNDCP), a U.S. $5.3 million loan from the International Fund for Agricultural Development (IFAD), and a contribution from the governent of Japan for equipment with a value of about U.S. $800,000.

The duration of the programme will be seven years. UNDCP technical assistance will be provided for an initial period of 3.5 years. The programme started in June 1991 with preparatory activities. Full implementation will start immediately, that is in January 1992.

The signatories to the programme were Souban Salitthilat, president of the Lao National Commission for Drug Control and Supervision, and Mrs Amerah Haq Perera, resident coordinator of the United Nations systems operational activities for development.

Leaders Send Greetings to Cambodian Front Group

BK1601112492 Vientiane KPL in English 0925 GMT 16 Jan 92

[Text] Vientiane, Jan 16 (KPL)—President of the Central Lao Front for National Construction [CLFNC] Maisouk Saisompheng has sent a telegram of congratulations on the 13th National Day of the State of Cambodia to the president of the United Front for Solidarity, Construction and Defence of Cambodian Fatherland extending best wishes of success to the front and through it to the entire Cambodian people.

The CLFNC president praised the achievements over the past 13 years in Cambodia and pointed out that the Cambodian people are now in a new stage of seeking for their fatherland the the state of national reconciliation and peace. He was convinced of the Cambodian people's ability to overcome difficulties in consolidating peace for national prosperity.

Road Construction Agreement Signed With PRC

BK1601112692 Vientiane KPL in English 0938 GMT 16 Jan 92

[Text] Vientiane, Jan 16 (KPL)—The contract for the construction of Road 13 South from Nam Kading to Savannakhet was signed at Lan Xang Hotel here on Jan. 14. The road will be 270 km long and its construction cost would be dollars 44 million.

Signing the contract were: Mr. Mat Sounmala, head of the International Cooperation Projects of the Ministry of Communications, on the Lao side, and Mr. Zhang Changli, director of the project; Mr. Yin Jian, member of the board of directors of the Chinese Tianjin Company, on the Chinese side.

The signing ceremony was witnessed by Mr. Bouathong, CTPC [communications, transport, post, and construction] minister; Mr. Huang Guocai, Chinese ambassador to Laos, and other officials concerned.

The work expected to start this month is divided into two sections which are to be implemented simultaneously. The first section stretching fron Pak Kading to Thakhek is expected to be completed within 54 months. The second section from Thakhek to Savannakhet is to be finished in 44 months.

As for the construction of Vientiane-Pak Kading section which is under way now should be completed by 1996, whereas the work from Vientiane to Vangviang will definitely be completed this year.

Lao Committee Hails Inter-Korean Communique

BK1601141092 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 16 Jan 92

["Statement" by the Lao Committee in Support of the National Reunification of Korea; date not given; read by announcer]

[Text] As everyone knows, the dialogue between North and South Korea based on the joint communique by the two parts of the Korean peninsula on 4 July 1972 has recently yielded positive results. The significant event was that during the fifth round of talks between the North and South Korean [words indistinct] on 13 December 1991, the two sides signed an agreement on reconciliation, nonaggression, and cooperation. The said agreement has laid down an important foundation for mutual understanding between North and South Korea and strengthened their relations and cooperation in various fields, which will benefit the gradual reunification of the Korean nation.

The Lao Committee in Support of the National Reunification of Korea and the Lao people consistently support the political endeavors and initiatives of the DPRK's party and government which are aimed at achieving the national reunification, and regard the agreement on reconciliation, nonaggression, and cooperation between North and South Korea as conforming with the strong aspirations and legitimate interests of the Korean people and contributing to the defense of peace and security in Asia and the world. The committee therefore hopes that the two sides will exert their efforts to implement the said agreement and continue the high-level dialogue between North and South Korea.

Philippines

American Executive Kidnapped by Gunmen 17 Jan

HK1701022692 Quezon City Radyo ng Bayan in Tagalog 0200 GMT 17 Jan 92

["Flash" report by Deo Macalma]

[Text] Armed men kidnapped the general manager of Philippine Geothermal Incorporated from the parking lot of his office in Makati. A report filed at Emergency 166 of the Makati Police Station said the kidnapped man was Michael Barnes, an American national and a top official of Philippine Geothermal Incorporated. He was abducted at 0650 this morning at a parking lot near the Metrobank Plaza and Philippine National Bank at the corner of Buendia Extension and Makati Avenue.

The three suspects, who were riding a Pajero Jeep, were armed with Uzi machine guns and .45 caliber guns. They threatened their victim with their guns and forced him into their vehicle and fled quickly.

According to the Emergency 166 report, the kidnapping case was reported by a certain Attorney Aguirre of Philippine Geothermal Incorporated from their office at 0707 this morning. The motive for the kidnapping is still being investigated by officials of the Philippine National Police.

Police Chief Orders 'Manhunt'

HK1701091592 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 17 Jan 92

[By Francis Calado of DZRH Unit 23]

[Text] General Cesar Nazareno, Philippine National Police [PNP] director, ordered his men to conduct a widespread manhunt for the abductors of a foreign national, a high-ranking executive of one of the large corporations based here in the Philippines, who was kidnapped at 0650 this morning. The executive was kidnapped at the Metrobank Plaza parking lot located at Gil Puyat Avenue, Makati, Metro Manila. Nazareno also ordered that the abductors be arrested as soon as possible.

The abductors held a gun to the back of Mike Barnes, vice president of the Philippine Geothermal Incorporated and a member of the board of directors of the American Chamber of Commerce, and forced him into a silver-gray Pajero [jeep], which sped away.

In light of this, Senior Superintendent Reynaldo Wycoco, PNP spokesman, said General Nazareno has deputized Director Marino Filart, Capital Regional Command chief, and Director Vicente Vinarau, PNP-Criminal Investigation Service chief, to alert all mobile units of the PNP-Highway Patrol Group and all units assigned to the Central and Southern Luzon Regions, where the victim might have been brought.

Wycoco said that two different Pajero license plate numbers were given to him by witnesses, who are now being interrogated.

[Begin Wycoco recording, in English] We have identified the owners of the two plate numbers. Incidentally, there were two conflicting reports of plate numbers. One report was given by a security guard and he said that the plate number is DLT 935. And the other one is reported by the driver of Mr. Barnes, himself. He says that it's PBL 935. But, in any case, both plate numbers were traced to the owners. And it's obvious that the plate numbers were taken from another vehicle, and was placed in a silver Pajero. [end recording]

Meanwhile, they are still trying to establish whether the communist rebels, who are trying to solicit more funds for their operations, or the rebel soldiers are responsible for the abduction.

NPA Rebels Suspected of Abduction

HK1701103192 Manila Manila Broadcasting Company DZRH in Tagalog 0900 GMT 17 Jan 92

[By Benjie De Galicia of DZRH Unit No. 20 from Laguna, Metro Manila]

[Excerpt] In line with an earlier report that Michael Barnes, president of Philippine Geothermal Plant Incorporated [PGI], located in the province of Laguna, was abducted at Makati, Metro Manila, it is recalled that last August, Leopoldo Mabilangan, alias Comrade Hector of the Banahaw Command, sent a letter demanding P5 [Philippine pesos] million. Failure to give the money, according to Mabilangan, would mean the abduction of foreign executives in charge at PGI.

In view of this, Senior Superintendent Bert (Rosil), Laguna Provincial Command director, alerted all units here in the province of Laguna to monitor all New People's Army [NPA] activities.

All units from the Pros [as heard] district, from San Pedro to my location here in Los Banos, located on the other side of Mount Makiling, where the PGI plant is located, are now on alert. Roadblocks and checkpoints are now being set up and all vehicles coming from Metro Manila are being inspected.

It also is recalled that Leopoldo Mabilangan's men also asked for P5 million to prevent the PGI plant from being sabotaged. That is all for now. [passage omitted]

Police Question Two Suspects

HK1701104792 Quezon City Radyo ng Bayan in Tagalog 1000 GMT 17 Jan 92

[Text] The police are now questioning two men regarding the abduction of the American, Michael Barnes, in Makati earlier this morning. Those beong questioned are Rene Gonzales and Jesus Solomon, both residents of Quezon City. The two allegedly own the number plates which the suspected abductors used on their getaway car.

According to Reynaldo Wycoco, Philippine National Police [PNP] spokesman, they would like to learn, from Gonzales and Solomon, if the plate numbers were stolen from their vehicles.

Meanwhile, a massive manhunt has been launched by PNP Chief Cesar Nazareno to apprehend the culprits behind Barnes' abduction.

NPA Reportedly Sets Deadline on Drown Release

HK1601130592 Manila Manila Broadcasting Company DZRH in Tagalog 1100 GMT 16 Jan 92

[Text] New People's Army [NPA] rebels have set a deadline of 28 January for the military to comply with the conditions they have set for the release of their American hostage and two soldiers in Kalinga-Apayao. The rebels aired their deadline through two priests who are serving as emissaries negotiating for the release of American hostage Arbie Duane Drown, Corporal Jesus Esteban, and Private Arnel Gaiera, both of the Philippine Army.

This is the first time the rebels have given a deadline for the military to comply with their demands, which include the total pullout of troops from the Pinukpok corner area of Kalinga Apayao, which was earlier rejected by General Lisandro Abadia, Armed Forces of the Philippines [AFP] chief of staff. The rebels did not indicate what they may do to their hostages, save that of American hostage Duane Drown, if the government does not comply with their demands.

Here is part of the meeting held today in Tuguegarao by the government negotiating team headed by Brigadier General Emiliano Templo, AFP deputy chief for civil and military operations, and Cagayan Archbishop Diosdado Tamalayan.

[Begin recording in English] [Templo, in progress] ...and if you ask me [word indistinct] I suppose I can tell you at my level that those within general [words indistinct] can be realized immediately. And even within the prerogative of the Nolcom [Northern Luzon Command] headquarters. [words indistinct] we cannot specify this because we do not like to jeopardize again... [Templo changes thought] because we still have to validate these demands because these demands are not recorded on tape recorders like this.

[Reporter] Have the NPA set a deadline for this?

[Templo] None. [as heard]

[Reporter] A time table?

[Templo] None.

[Reporter] General Templo, from your level, are you willing to give authority to General Batenga to really do everything possible for the release?

[Templo] Well, as a policy... [changes thought] the policy is for the AFP to pursue this, the peace process, where it is effective....

[Reporter interrupting] I think I [word indistinct] to share with Father Steve, who has just arrived with Father Gary, Ofri Castro, and Father Rick (Pagkais) from the mountains, who spoke with the NPA regarding these demands.

[Father Steve] They have... [changes thought] the NPA have set a deadline....

[Templo, interrupting] And when is their specific deadline?

[Father Steve] Two weeks, starting on January 14. If the AFP does not respond positively to the demands, they will call off negotiations.

[Templo] What does this mean to you, personally?

[Father Steve] That is all I can say. [end recording]

Release 'May Be Delayed Again'

HK1701111892 Quezon City Radyo ng Bayan in Tagalog 1000 GMT 17 Jan 92

[Text] The release of Arbie Duane Drown, the American hostage held by communist rebels in Kalinga-Apayao, may be delayed again. This was announced by military leaders in line with new demands submitted by the rebels during their meetings with church and military representatives in Tuguegarao.

Prior to this, earlier negotiations failed when the rebels failed to identify who will act as escorts in the event they release their hostages, who include two soldiers.

On the other hand, Drown's wife, Ruth, expressed the hope that her husband will be released soon.

Ambassador Urges Closer Economic Ties With U.S.

HK1701055292 Quezon City MALAYA in English 17 Jan 92 p 6

[By Ellen Tordesillas]

[Text] Ambassador Emmanuel Pelaez yesterday decried the country's preoccupation with politics and security while failing to strengthen economic ties with the United States.

In a report to the Department of Foreign Affairs affairs on the Asia-Pacific trip of U.S. President Bush, Pelaez said: "While the Philippines has been spending its energies on political and security matters, the rest of the countries in our region are developing stronger economic relations with the U.S." [sentence as published]

A foreign service officer, however, said that Pelaez, a politician himself and former vice president, seems to have ignored the fact that the Philippines has been trying to strengthen economic ties with the U.S. since 1946, but has always been spurned.

Pelaez said there is an urgent need to put together and pursue a program towards developing stronger economic relations with the U.S. as well as each of the Asia-Pacific countries.

Pelaez said just as the Philippines has to immediately work out a graceful closure to the charter of U.S. military bases "there is an urgent need to discuss with the U.S. government the principles that will guide our restructed relations."

Pelaez said the U.S. is concerned of the growing dominance of Japan in the region and Bush's trip was supposed to pull Asia into a posture of global partnership with the U.S. rather than allow the Asia-Pacific bloc to stay under the dominance of Japan.

Pelaez also said the U.S. is against an Asia-Pacific exclusive bloc like Malaysia's east asia economic grouping and is working on strengthening bilateral relations with Asia-Pacific countries.

The U.S. free trade agreement with Canada and Mexico, however, seems to indicate that the U.S. is going to form an economic bloc of the North American economies to counter other blocs.

Members of the U.S. Congress and businessmen Bush took along on his Asian trip, have already labeled the tour a failure.

Aquino Opposes Petroleum Price Increase

HK1701054192 Manila THE CHRONICLE in English 17 Jan 92 p 9

[By Booma Cruz]

[Text] President Aquino yesterday opposed the petition of Pilipinas Shell and Caltex Philippines to increase the pump prices of petroleum products but left the task of rejecting these petitions to the Energy Regulatory Board (ERB).

In a brief statement to Palace reporters, Mrs. Aquino said she does not believe there was any merit in the price increase petitions of the two multi-national companies at this time. However, the President stressed that the government would have to wait for the action of the ERB on these petitions.

Under the law, only the ERB has the power to decide on issues involving prices of petroleum products.

Shell and Caltex filed separate petitions with the ERB last Jan. 10, seeking an average increase of 21.62 to 30-centavos per liter in the pump prices of petroleum products.

The multinationals' move was allegedly meant to preempt the expected reduction in the prices of oil by March or April this year.

The price hike petitions, industry source [as published] said, were filed to force the ERB to give a "moderate" price cut on petroleum products to appease both the consumers and the oil companies.

Executive Secretary Franklin Drilon had earlier reported that oil prices would be reduced before the term of President Aquino ends as long as prices of crude oil continued to decline, the peso remained stable and the oil price stabilization fund stayed "healthy."

He said there was a very good chance that the three conditions would be met given the fact that prices of crude oil in the world market traditionally drop after winter.

The further reduction of oil price increases has been one of the measures being considered by the government to mitigate the effects of the two-tiered power rate hike it has started to impose this month.

The ERB actually reduced oil prices last Dec. 20 when the government announced the power rate hike meant to bail out the cash-strapped National Power Corp. (Napocor).

The pump price of premium gasoline then was reduced by 70 centavos per liter, regular gasoline by 50 centavos per liter, and fuel oil by 41 centavos per liter.

The prices of the selected petroleum products were reduced because of lower crude oil prices in the world market.

Shell was asking for an average increase of 21.62 centavos per liter in local oil prices because of its alleged "operating and transshipment costs."

Caltex, on the other hand, wanted an average 30-centavo hike because of the increasing operating expenses, net interest expense and transshipment costs it has incurred between 1983 and 1987.

Aquino Urges Gun Ban During Elections

HK1701053492 Manila PHILIPPINES NEWSDAY in English 17 Jan 92 p 3

[By Dionisio Tubianosa and Danilo Lucas]

[Text] President Aquino yesterday threw her full support behind the Commission on Elections' (Comelec) gun ban campaign and urged all citizens, including lawmakers and members of her Cabinet to abide by the mandate of the law.

The statement came even as the Philippine National Police (PNP) ordered the arrest of paramilitary troopers found resisting the ban.

"We support wholeheartedly the Commission on Elections' actions to implement the Omnibus Election Code. Cabinet members, just as other citizens, must follow the law," the President declared in a statement to Palace reporters.

Comelec Chairman Christian Monsod has said that not even Cabinet members are exempted from the gun ban, and that only three Cabinet members have been granted special permits to carry firearms—Executive Secretary Franklin Drilon, Education Secretary Isidro Carino and Finance Secretary Jesus Estanislao.

Also granted the exemption was Solicitor General Frank Chavez.

The first three days of the gun ban's implementation were not without bitter accusations from those apprehended. Several members of Congress, whose bodyguards were nabbed because they were carrying weapons without authorization, even accused the Comelec of particularly picking on them.

"I think after more circumspection, they probably won't say the same thing. It's just a spur of the moment (thing). I'm not sure they really meant that (accusation), so we'll let that press," Monsod told Palace reporters the other day.

Those who need not apply for exemption from the firearms ban are the President, Vice President, Senate President, House Speaker, Chief Justice, members of the high command of the Armed Forces and the PNP, and the diplomatic corps. "Everybody else, Cabinet members, senators, congressmen, governors, mayors" are not exempt under the law and should apply, if they really need to, for exemption with the Comelec, Monsod explained.

In another development, PNP field commanders have been ordered to go after paramilitary troopers and other armed men involved in anti-insurgency operations who would refuse to surrender their firearms in compliance with the gun ban imposed by the Comelec.

This was disclosed by Generals Manuel Roxas and Raul Imperial, PNP deputy directors for operations and administration, respectively, who said the order was issued following reports that some of the members of the civilian volunteer organizations refused to surrender their firearms.

General Cesar Nazareno, PNP chief, earlier ordered an inventory and temporary confiscation "for safekeeping" of the firearms of members of the Civilian Armed Force Geographical Units (CAFGUs) and other members (like rebel returnees) of the civilian volunteer organizations tasked to help the government in its anti-insurgency campaigns.

Initially, Roxas said the order resulted in the arrest of some 100 militiamen and the confiscation of their rifles in Pampanga last Wednesday.

Roxas added that similar rounding up operations have now been enforced in other areas nationwide.

The CAFGUs and other civilian volunteer organizations act as auxiliaries for the Armed Forces of the Philippines [AFP], specifically the Army, in its effort to end the over 20-year existence of the communist insurgency in the country.

But inasmuch as the paramilitary troopers in some instances served as bodyguards of politicians or businessmen, the Comelec and the AFP-PNP high command agreed to temporarily disarm all of them.

Rebel Coup Plan Before 1992 Polls Dismissed

HK1501123892 Manila Manila Broadcasting Company DZRH in Tagalog 1100 GMT 15 Jan 92

[Passage in italics in English]

[Text] General Lisandro Abadia, Armed Forces of the Philippines chief of staff, once again dismissed rumors that military rebels plan to launch *Operation No Election*, otherwise known as Oplan Noel, this coming election period. According to Abadia, the rumor may have been spread by groups who are planning to disrupt the coming national and local election on 11 May.

It is recalled that members of the Reform the Armed Forces Movement-Soldiers of the Filipino People-Young Officers Union first planned to launch Oplan Noel during the Christmas season; however, it was never pushed through.

Nonetheless, Abadia again ascertained that the rightist rebels do not have the capacity to launch another coup because of the surrender of several of its leaders.

'Threats' From Private Armies Discussed

HK1701055792 Manila BUSINESS WORLD in English 17 Jan 92 p 12

[By Ma. Caridad Bautista]

[Text] Philippine National Police [PNP] deputy director general Manuel Roxas yesterday assured that threats from private armies would be diminished before the elections.

Although admitting they have yet to confirm the existence of 143 armed groups, he said the PNP would be able to dismantle a substantial number of known private armies before May 11.

Speaking at a forum sponsored by the National Coalition for Transparency at the Manila Pavilion yesterday, Mr. Roxas assured the PNP is dismantling without letup illegally armed groups which had already been identified.

"These are mostly historical violators we have identified since the past elections," the police general said.

He revealed that in Region III, police elements were able to confiscate 300 firearms from former civilian volunteer groups which have been providing services to businessmen and politicians using government-issued firearms.

With regard to the formation of new armed groups in time for the elections, Mr. Roxas told BUSINESS WORLD the PNP has not yet received reports pointing to such moves.

"What we have are intelligence reports that still need verification," Mr. Roxas said.

Senators Oppose Nuclear Plant Debt Validation

HK1701054092 Quezon City MALAYA in English 17 Jan 92 p 9

[By Cris Larano and Jodeal Cadacio]

[Text] Several senators joined yesterday the clamor for the abolition of the Joint Executive-Legislative Foreign Debt Council following its decision to "legitimize" the fraud-tainted Bataan Nuclear Power Plant loans.

Senate Majority Floorleader Alberto Romulo (LDP) [Laban ng Demokratikong Pilipino; Democratic Filipino Struggle], and Senators Wigberto Tanada (LP) [Liberal Party] and Rene Saguisag (LP) said the debt council should be abolished because "it is no longer serving its purpose."

The debt council was set up to forge a public consensus and recommend a national policy on the foreign debt issue.

It voted, without conducting public hearings, to include $350 million-worth of nuclear plant debt notes in the $5.3-billion debt package being negotiated with commercial creditor banks.

In the House, Assistant Majority Floor leader Raul Roco (LDP, Camarines Sur) said the scheduled meeting of the council on Jan. 14 could have been used as a forum to vigorously oppose the securitization of the nuclear plant debt, but this was cancelled for unknown reasons.

He said the Council met the following day without him and other members of Congress supportive of debt relief measures.

Creditor banks want the nuclear plant debt papers scrutinized through the issuance of government guaranteed bonds before they approve the debt relief package, and release $200 million in new loans.

As this developed, the Senate economic affairs committee indicated it would endorse the new debt relief package if the nuclear plant loans were not included in the package.

"It (debt council) is no longer serving its purpose," said Romulo, who had recommended a P1 [Philippine peso] budget last year for the council to dramatize his disenchantment.

Finance Secretary Says Accord Reached With IMF

HK1701110092 Manila DZXL Radio Mindanao Network in Tagalog 0700 GMT 17 Jan 92

[Text] The Philippines and the International Monetary Fund have reached an accord on the country's economic program for 1992. This was announced by Finance Secretary Jesus Estanislao. According to Estanislao, the IMF board is scheduled to formally approve the agreement this coming February. He also said that the IMF's approval would signal the start of new loans being extended to the country by foreign creditors and the start of negotiations with commercial banks on a debt rescheduling package. Estanislao also noted that the primary aim of the accord between the Philippines and the IMF is to increase the taxes which the government is now collecting and to minimize expenditure in order to reduce the public sector deficit.

Peacekeeping Force Ready To Go to Cambodia

HK1701101992 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 17 Jan 92

[By Rey Arquiza, DZRH Unit 21]

[Text] The Philippines is ready to send a military peacekeeping force to Cambodia. This was announced by the Department of Foreign Affairs [DFA].

According to Foreign Affairs Under Secretary Pablo Suarez, the DFA's recommendation to send a military unit to Cambodia has been submitted to Malacanang.

Suarez said Prince Norodum Sihanouk requested that the Philippines send a peacekeeping force to Cambodia in order to maintain peace and order in his country under the Paris Peace Agreement.

Meanwhile, Suarez said the Philippines has already assigned a resident ambassador to Cambodia. He also said that the Philippines will open an embassy in Cambodia in the coming months.

In a related development, Foreign Affairs Undersecretary Federico Macaranas said the government will send food donations to Russia in order to help starving Russians especially in the three republics of Kyrgyzstan, Turkmenistan, and Tajikistan.

According to Suarez, the relief aid being sent to Russia is only a small token because the country also has a lot of problems caused by the eruption of Mount Pinatubo and flooding in Ormoc City.

Sweden Grants Aid To Fund Forestry Programs

HK1701054992 Manila BUSINESS WORLD in English 17 Jan 92 p 12

[By Hernani de Leon]

[Text] A $4-million grant has been extended by the Swedish Government to fund two pilot community forestry programs (CFPs) for logged-over areas in Luzon and Mindanao.

Lirio Abuyuan, chief of the foreign-assisted and special projects office of the Department of Environment and Natural Resources (DENR), said the project is currently implemented in the provinces of Quezon and Zamboanga del Sur.

The main objective of the project, it was explained, is the development of communities into effective forest protection agents. In the process, upland dwellers will also be supported in the rehabilitation of damaged forest ecosystems as well as given the right to utilize these forests to support livelihood activities.

Utilization rights, however, will be limited to cutting of tree branches and twigs qualified under timber stand improvement. DENR sources said small-scale wood businesses could be developed out of these cuttings.

"We're looking into the formation of cottage industries in the uplands such as wooden-toy making," a DENR official said. Technology from Sweden will be made available for this purpose, she added.

Swedish consultants, it was disclosed, are currently in town to assist in the packaging of institutional development projects involving transfer of technology to uplland dwellers.

DENR is currently in the process of strengthening CFPs since they will serve as buffer zones in the protection of old-growth forest areas where logging is banned.

CROCODILE FARMING

Meanwhile, the DENR reported yesterday that the Crocodile Farming Institute (CFI) in Palawan produced 272 young crocodiles last year. In 1990, only 62 hatchlings were produced, the report indicated.

As a result of successful captive breeding, the Institute's crocodile population has now risen to 677 head, 410 of which are crocodylus porosus and 267, crocodylus mindorensis.

CFI director Gerardo Ortega said the objective of the project is not confined to conservation but harnessing the economic potential of reptiles as well. Commercial crocodile farms, he said, are earning millions of dollars in many countries such as Australia, Thailand and Singapore.

Per linear foot of skin from the crocodile's belly, he said, now fetches from P [Philippine pesos] 1,000 to P1,500 in the Japanese market.

Thailand

Envoy to Moscow on Trade Ties With Commonwealth

BK1601051892 Bangkok Radio Thailand Network in English 0000 GMT 16 Jan 92

[Text] Foodstuff and other essential commodities will be badly needed in the Russian Federation and other 11 states in the Commonweath. Thailand can render help and establish trade ties with those states at the same time, according to the Thai envoy to Moscow.

Thailand's Ambassador to Moscow Kasit Phirom said that rice, tapioca, sugar, maize, and vegetable oil would be in acute shortage during the winter now until March.

The Russian Federation and other states also hope to get grant aid in the form of food, garments, and medicine from various countries.

Mr. Kasit said that consultations will be held next week on the issue while Thailand participating. Also question of debt incurred by the defunct USSR for Thai rice of 200,000 tonnes will be raised to find out whether the Russian Federation would pay for the debt.

The Thai ambassador said that Russian other independent states wish to attract foreign investment. Russia has the most liberal investment law and vast potential in terms of consumer market and raw materials.

Laotian President Hospitalized for Eye Operation

BK1701050492 Hong Kong AFP in English 0406 GMT 17 Jan 92

[Text] Bangkok, Jan 17 (AFP)—Laotian President Kaysone Phomvihan has been admitted to a hospital here for an eye operation, diplomats and medical sources said here Friday.

Kaysone, 71, had been in hospital for two days, an official at the Laotian Embassy said.

The official said he had no further information, but medical sources said the Laotian communist leader would undergo an eye operation soon.

No date was given and the nature of the operation was not disclosed.

Kaysone, who has just completed a 10-day state visit to Thailand, has been said to suffer from glaucoma, a disease that impairs the eyesight and can result in blindness.

According to the medical sources, the Laotian leader also has diabetes but was not to be given treatment for this during his stay in hospital here.

During his official visit he held talks with top Thai officials before travelling to the provinces.

Relations between capitalist Thailand and Laos, whose leadership is close to Vietnam's communist rulers, have been growing closer over the past three years, following resettlement of a border conflict.

Eye Operation Successful

BK1701142592 Bangkok Army Television Channel 5 in Thai 1230 GMT 17 Jan 92

[Text] LPDR President Kaysone Phomvihan, who has just completed a state visit to Thailand as guest of Their Majesties the King and Queen, has been admitted to Sirirat Hospital since 15 January for eye operations. Last night a panel of doctors led by Professor Pradit Charoenthaiwai, rector of Mahidon University, performed an operation on one of his eyes. The operation was reported successful. The doctors will perform an operation on the other eye in a few days. President Kaysone Phomvihan is currently being hospitalized at the 84th Anniversary Building of Sirirat Hospital.

Commentary on 'Success' of Premier's SRV Trip

BK1701031392 Bangkok THE NATION in English 17 Jan 92 p A8

[By Kawi Chongkitthawon]

[Text] Amidst proclamations of friendship and diplomatic pomp, Prime Minister Anan Panyarachun ended the second day of his three-day visit to Vietnam yesterday, with the trip increasingly being seen as a success that signals a new openness on the part of the socialist country.

At a joint press conference yesterday, both Anan and Vietnamese Prime Minister Vo Van Kiet said they were satisfied with the talks. Kiet said Anan's visit was "very successful"

Anan noted that over the past three months his government had tried to lay a framework for a new era in Thai-Vietnamese relations.

Kiet also used the words "new era" in referring to relations, saying that even though the Thai leader's visit was brief, many positive developments had already been witnessed.

The party-controlled daily, NHAN DAN, hailed Anan's visit in a frontpage report yesterday, saying the trip was a clear manifestation of the Thai leader's desire to work with Vietnam for closer relations. Other key papers including the army daily gave prominent display to reports and pictures of Anan's visit.

Two days before the premier's visit here, there was anxiety over whether the trip would be successful at all after Vietnam decided to hold off on signing a bilateral fishing agreement. Thai authorities were concerned that the visit's significance would be lessened if the agreement was not ready for signing.

However, concerns dissipated when Vietnam gave Anan a very warm welcome. A subsequent hour-long private talk with Kiet was described as "frank and fruitful."

Anan said Kiet voluntarily explained the reasons behind the delay in concluding the fishing agreement and had assured him of Vietnam's desire to go ahead with the pact. Kiet reportedly said the delay was the result of "internal" disagreements.

At the same press conference, Anan said Thailand was sympathetic towards Vietnam and the problems the central government encountered with local authorities. "We are prepared to wait until the internal problems are resolved," the Thai premier said, adding that he was confident that the countries would be able to conclude the agreement very soon.

Foreign Minister Asa Sarasin, who was present at the Anan-Kiet discussion, said he was pleased with the explanation. "Vietnam relized it has its own problems and will try to settle (the issue) as soon as possible," Asa said.

Another top senior Thai foreign ministry official was quick to explain that Vietnam had needed to clarify the signing's postponement quickly because its credibility was at stake. "Vietnam has to do business with other countries as well as Thailand," he said.

But there is some anxiety that the signing could be delayed further and it is also possible Vietnam could ask for a renegotiation.

Doubtless, Anan's trip has installed a sense of confidence among Vietnam's top leaders toward Thailand for the first time. At the very least, the new-found confidence on the Vietnamese side enabled Vietnam to adopt a new attitude toward the nagging bilateral problem of a Vietnamese consular office in Thailand.

For years, Vietnam insisted on having its consulate established in one of Thailand's northeastern provinces to service the 50,000 Vietnamese living in the area. However, during the Anan-Kiet meeting, Kiet made it clear that the location of a consular office was no longer a problem.

The Vietnamese premier said Thailand could go ahead and open a consular office in Ho Chi Minh City in mid-1992, adding that his country would look for a suitable location that could serve to boost economic ties with Thailand.

An informed source said it was likely that Vietnam would set up a consular office in Rayong within the year. The consulate will have the jurisdiction to cover the northeastern region.

The source said that later on, Thailand could permit Vietnam to switch its consulate to the Northeast. "It is part of the overall confidence building programme," the source said.

Vietnam's flexibility concerning the consular office indicates increased trust toward Thailand. In talks during the visit, no bilateral security issues were touched upon, especially old allegations about Thailand supporting the anti-Vietnamese resistance.

After Anan's trip, there will be more exchanges among representatives of the two countries' interior ministries, which will play a crucial role in managing relations. Interior Minister Gen Itsaraphong Nunphakdi is scheduled to visit Hanoi later in March to discuss the fate of Vietnamese in Thailand.

Thailand and Vietnam have long been at odds over the Vietnamese living in the Northeast. "Thai-Vietnamese problems in fact are not about security but about the trust between the two interior ministries," said a senior Foreign Ministry official, who believes once the two ministries sit down and work out their differences over the Vietnamese in Thailand, a settlement can be reached.

On the surface, Thailand's offer of Bt [baht] 150 million worth of long-term credit through a government-owned bank was a drop in the bucket in comparison with what is really needed for Vietnam. But nonetheless, it was considered a goodwill gesture from the Thai government.

Another significant development has been the effort by Thailand and Vietnam to cooperate in rice pricing policy. Both are major world rice exporters. The memorandum of understanding on rice cooperation recongnizes Vietnam's rice producing capacity as something to be reckoned with.

Thailand annually exports about 4.5 million tonnes of rice, more than any other country in the world's besides the United States. Vietnam exports about 1.2 million tonnes a year.

According to a joint communique, Thailand will provide know-how in the marketing and production of maize, poultry and pineapples.

Vietnam's permission to allow two Thai banks, Bangkok Bank and Thai Military Bank, to open up branch offices in Vietnam came as a surprise to diplomats and the business community here. Banks from several other countries have earlier filed for licences to open branches in Vietnam.

Notably, Vietnamese leaders gave weight to Anan's visit even though the Thai leader's term will end in March. Vietnam hopes the framework of cooperation worked out during the past year will propel further economic development and continue in the future.

Overall, the visit marked a coming of age for both Thailand and Vietnam as both countries are being asked to respond to the swift changes that have taken place in the world and in the region. It promises to mark a new stage in the bilateral relationship, which for so long has been marred by suspicion and mistrust.

Rift in New Aspiration Party Discussed

BK1601012992 Bangkok BANGKOK POST in English 16 Jan 92 p 4

[By Soemsuk Kasitpradit]

[Text] The highly-publicised rift within the New Aspiration Party (NAP) has sent ripples to areas where the party hopes to do well in the upcoming general election.

The rift between former Interior permanent secretary Phisan Munlasatsathon and former National Security Council Chief Sqn Ldr Prasong Sunsiri has overshadowed dissatisfaction simmering beneath the surface over the party's strategy for the South where the party hopes to gain a political foothold.

NAP leader and former Army chief Gen Chawalit Yongchaiyut has been cultivating good ties with local leaders in the South and the party is expected to gain at least 15 out of 43 parliamentary seats available in the southern provinces.

With the Phisan-Prasong rift still unresolved, dissatisfaction over the party's election strategy in the South continues to simmer with several former southern MPs [member's of parliament] threatening to leave the party if the conflict is not resolved.

One former MP said the party's problems in the South were caused primarily by deputy party leader Wira Musikaphong's failure to consult former MPs over the selection of candidates for the region.

One of Mr Wira's most controversial moves was his decision to field former Fourth Army Commander Gen Han Linanon, an ex-MP for Nakhon Si Thammarat's constituency Two, in Bangkok's Khlong San Constitutency. The move drew strong opposition from Gen Han's supporters.

One of Mr Wira's supporters contended that Gen Han's popularity in Nakhon Si Thammarat had declined and he would not be re-elected there.

Mr Wira wanted to field Sucha Chulapetch, Withun Karuna and Arkom Suwannop in Nakhon Si Thammarat's Constituency Two.

Gen Han's supporters, however, claimed that Mr Wira had ulterior motives in wanting to see Gen Han contest the election in Bangkok.

"He (Wira) wants to establish his own political base in the South and the only way he could do it is to field his own men in the election," says one supporter. "By doing this he would boost his own credibility in the party."

Two of Gen Han's staunchest supporters, former Trang MP Phithak Rangsitham and former Chachoengsao MP Chaturon Chairsaeng, also urged senior party members not to field Gen Han in Bangkok.

Gen Han himself was shocked by the move.

"I am confident of being elected in the next election. It's unthinkable that I would be asked to run in Bangkok where I don't have a chance to get elected. This (the move) is aimed at killing me politically," said the general.

Former public health minister Den Tomina was also surprised by Mr Wira's plan to field his own men in Satun province. Satun is under the direct responsibility of Mr Den.

Mr Wira allegedly planned to field former Muslim MP Chirayu Naoket in Satun instead of another former Muslim MP Withun Langchi, who is a member of the Den faction.

"Fortunately, he (Mr Wira) has not officially announced the party's southern candidates. It would split the party if he made the announcement," said Mr Den, a five-time Pattani MP.

Mr Wira originally planed to announce the party's candidates for the South on January 10—an announcement which would not have included Gen Han and Mr Withun. But the announcement was postponed following an intervention from top party officials.

Party sources said Gen Han complained directly to senior party members, including Sqn Ldr Prasong, saying that he had not been treated with respect and should have been consulted.

Other former southern MPs agreed to unite to fight against Mr Wira's political plans. Apart from Mr Den and Mr Phithak, former Surat Thani MP Komet Khwanmuang and former Songkhla MP Surachai Sirinuphong were opposed to Mr Wira's moves.

During last Sunday's party meeting, several southern party members strongly criticised Mr Wira, who did not attend the meeting.

Mr Den said he would reconsider his stance if Mr Withun was not a party candidate in Stun while Gen Han said he would quit the party if he was forced to run in Bangkok. Mr Phithak said if he did not have a say in the selection of party candidates in Trang Province, he too would not run under NAP.

Party sources said Gen Chawalit, who chaired Sunday's meeting, was very surprised to hear the criticism of Mr Wira, who is one of his close aides.

"He (Gen Chawalit) does not have any idea of the political situation in the South," commented one party member. "He has too much confidence in Mr Wira, who may have given him a wrong picture of the area."

Gen Chawalit was later briefed on the party's political problems in the South and how they could be resolved. The party's executive committee subsequently agreed to curb Mr Wira's power by appointing a five-man committee to screen candidates for the South and not leave the selection solely in the hands of Mr Wira.

Mr Wira was originally responsible for the selection of party candidates in Phatthalung and other upper southern provinces, but not in the lower southern or southern-most provinces.

The executive committee's decision, approved by Gen Chawalit, was aimed at defusing problems in the South.

Mr Wira's aggressive political style may be considered good for the party's prospects in the South, but he has only two former MPs under his direct control, namely Ophat Rong-ngoen and Sanan Suphanchanaburi of Phatthalung, according to party sources.

After last Sunday's meeting, party members were optimistic that tension had been defused and that an understanding had been reached among southern party members who had succeeded in trimming Mr Wira's power.

But one of Mr Wira's supporters still believes that the conflict over the South is beyond remedy and that it is only as matter of time before the bomb explodes.

"The resolution reached last Sunday is unacceptable to him (Wira) and he is considering his next political move," says the supporter.

Cofounder Prasong Quits New Aspiration Party

BK1701021792 Bangkok THE NATION in English 17 Jan 92 pp A1, A2

[Text] The New Aspiration Party [NAP] suffered a serious political setback yesterday when co-founder and former secretary general Prasong Sunsiri, along with four senior executives, resigned after a simmering internal feud.

With the split threatening to derail the party's first election attempt, NAP leader Chawalit Yongchaiyut has called an emergency meeting of key party members for Bangkok today.

Squadron Leader Prasong said he had abandoned the party because he had failed to persuade Chawalit to correct what he called "mistakes" made by the party at the Dec 22 executive committee election. This was compounded when he was omitted from the party's list of executives to be submitted for the election.

"We can neither work nor associate ourselves with people who have abandoned their ideology," he said. "The New Aspiration Party was founded by a group of people who wanted to serve the public and to clean up the ugly mess in national politics.

"So much for the new aspiration."

At the Dec 22 party caucus, Prasong, former chief of the National Security Council, was humiliated when his main rival, former Interior Permanent Secretary Phisan Munlasatsathon, was elected to replace him as secretary general, leaving him without an executive post.

Chawalit and Prasong over the past few weeks had been trying to find a face-saving way out for the latter, including the possibility of appointing him as first deputy party leader.

On Wednesday NAP spokesman Chaturon Chaisaeng said Chawalit had already approved the list of party executive committee members elected on Dec 22, which excluded Prasong, to be presented to the political party registrar.

The announcement apparently was the last straw for Prasong, who yesterday annouced that he and his followers had quit the party.

Speaking to reporters at the Royal Hotel yesterday, Prasong hinted that several NAP members other than the four—deputy secretary general designate Piya Chakkrapak and executive committee members Pol Lt Gen [Police Lieutenant General] Ophat Rattanasin, ACM [Air Chief Marshal] Pruangwit Hongsanan and Khanin Bunsuwan—would also quit to "pursue their political objectives".

"A good political party can be established if we have enough people with strong determination and shared ideology," he said.

Prasong said he wished Chawalit, whom he described as a close colleague for most of their working life in the government service, to succeed in whatever he had set out to do.

"My colleagues and I have built up the party from the very beginning. Now that the house is completed, one must be selective in screening its occupants," he said.

The former NAP secretary general denied that he quit the party because of personal conflict (with Phisan) and that he had never been covetous of key positions in the party.

Asked whether he would change his mind if Chawalit tried to stop him from resigning, Prasong said: "There is no law prohibiting people from leaving a political party."

He denied speculation that he would join the Phalang Tham Party and possibly to take over as its secretary general, saying he was still undecided as to what to do next.

Prasong insisted that his decision to quit was definite and not part of a bargaining game.

It was still not known whether Prasong's resignation would encourage deputy party leader-designate Wira Musikaphong, his close ally, to follow suit.

An angry Pruangwit said he decided to join NAP because of his respect for Prasong and Chawalit, but that he could not stay with the party after having witnessed the unjust treatment of Prasong.

"National politics is revolving in a vicious cycle and the (NAP) internal politics is no less despicable," he said.

NAP spokesman Chaturon told reporters at the party's headquarters yesterday that Chawalit told him in a telephone call from Chanthaburi that he was saddened by Prasong's departure.

Chawalit will issue a statement, which he will deliver himself, today, according to the spokesman.

But Chawalit, asked to comment on Prasong's decision in Chanthaburi, expressed disbelief that the former secretary general "had intended to resign".

"I will issue a statement (today). But I believe he is a senior person who would not do such a thing. Besides, I have not seen his resignation," he said.

At the NAP headquarters, scores of party members were seen huddling together in a closed-door meeting in the wake of Prasong's resignation.

Charuk Tungcharat, a leading southern NAP member, said many members in his area may consider resigning en masse if their leader Wira Musikaphong was not appointed to the post of deputy party leader. He said most NAP southern members would consider joining the Democrat Party if they decide to quite NAP.

Deputy NAP leader Amnuai Yotsuk told reporters in Chiang Mai yesterday he was asked by Chawalit to rush back to the party headquarters in Bangkok where an emergency meeting will be convened today.

"I knew it (Prasong's resignation) was bound to happen," he said without elaborating.

NPKC Chief Excludes Self From Senate

BK1701013992 Bangkok THE NATION in English 17 Jan 92 p A1

[Text] National Peacekeeping Council [NPKC] chairman Gen Sunthon Khongsomphong said yesterday his name would not be among the 270 senators in the upper House.

Sunthon, asked whether some NPKC members would be appointed as senators, said: "There may be some of them, but not me."

However, the general said he could not give any details for the time being as he had not selected anybody for the Senate yet.

The Senate, whose members are to be appointed by Sunthon, has been seen as a tool to perpetuate military power in politics.

The Senate is empowered by the new Constitution to oust an elected government by participating in censure motions and by rejecting a royal decree.

Sunthon yesterday denied rumours that some people were trying to bribe military leaders for seats in the Senate.

Asked to comment on recent remarks by NPKC spokesman Gen Chamlaeng Ochukomon that Sunthon had earlier slipped quietly away upcountry in order to escape those wanting to be senators, Sunthon simply nodded and smiled without saying anything.

In reference to NPKC advisory committee chairman Bunchana Atthakon's statement that he had given Sunthon some guidelines for selecting members of the upper House, the NPKC chairman said: "That's simply the suggestion. Whether the NPKC complies with the recommendation is another matter."

On Wednesday Air Force chief Air Chief Marshal Kaset Rotchananin said Sunthon might discuss the appointment of senators with Army chief Gen Suchinda Khrapayun and ACM Kaset Rotchananin next month.

Drug Groups Differ on Provisions in Patent Bill

BK1701043992 Bangkok BANGKOK POST in English 17 Jan 92 p 18

[Text] Two pharmaceutical-related associations yesterday insisted on their stances on the Patent Act amendment bill, with one pressuring for changes in certain clauses and the other fully supporting the original.

The two groups' moves are considered their last attempts to achieve their demands as the bill enters its final legislative step when it is scheduled for the third reading by the National Legislative Assembly [NLA] soon.

The Thai Pharmaceutical Manufacturers Association (TPMA), whose members are local drug makers and which is supported by the Study Group on Intellectual and Property Rights of Chulalongkon University's Social Research Institute, urged the NLA's scrutinising committee to change some provisions to protect Thai interests, while the Pharmaceutical Producers Association (PPA), whose members are multinational drug firms, fully supported the bill.

At a press conference organised by the TPMA yesterday at the Imperial Hotel, the association confirmed its objection and warned that the bill would damage the development of Thailand's pharmaceutical industry because it would enable multinational drug firms to monopolise the local market, resulting in higher medicine prices which would adversely affect the poor.

TPMA president Priya Sibunruang said the association would propose the committee amend five provisions in the bill, especially the 180-day grace period, to reduce its negative impact.

The association wants the Government to grant a grace period of at least four years to help related firms adjust themselves before the law comes into force.

Dr Ninsuwan Lilaratsami, chairman of the TPMA's subcommittee studying the bill, pointed that in the latest draft Agreement on Trade and Related Aspects of Intellectual Property Rights of the General Agreement on Tariffs and Trade, Article 65 of Part VI (Transitional Arrangements) allows a developing country to delay the date of application for four years.

He urged NLA members to change Article 10 which would lengthen the protection period for new inventions from 15 to 20 years and for product designs from seven to 15 years.

Dr Ninsuwan said the protection period should be divided into three lengths depending on the willingness of each patent-holder.

He explained that patent-holders who agreed to transfer their technology to a Thai partner should receive 20 years of protection, patent-holders setting up plants in Thailand 15 years and importers only 10 years.

He added that the time should be limited to one year, instead of indefinitely, for negotiations between patent-holders and persons wishing to receive compulsory licensing, after three years of patent protection.

He also sought the maintenance of Article 55 of the existing law, which allows the Government to revoke the rights of a patent-holder who has not started production with a patented process within six years.

In a related development, the Social Research Institute of Chulalongkon University released a paper urging the NLA members to review some provisions of the bill.

The institute wants the Government to provide at least five years of grace period.

It also sought a change of the wording in Article 4 to narrow the definition of "new drugs" which currently also include usage instructions, new mixed drugs and new drug application methods.

At the same time, the institute wants the administrative structure of the drug price monitoring board improved to be more efficient than what is stipulated in the bill.

The Government should also keep Article 77 of the existing law to assure that patent-holders would not use its exclusive rights to delay setting up their plants in

Thailand as this article authorises the Government to allow other parties to import the relevant patented products.

The institute also sought a shortening of the period for patent-holders to register their products in Thailand after they had been registered elsewhere, which is stipualted at 18 months in Article 3 of the bill, to 12 months as in the existing law.

Moreover, the institute wants the Government to shorten the protection period for new inventions from 20 to 17 years and for product designs from 10 to seven years.

Vietnam

Further Reportage on Visit of Thai Prime Minister

Do Muoi Receives Anan

BK1601134592 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 16 Jan 92

[Text] This morning, 16 January, Do Muoi, general secretary of the Communist Party of Vietnam, cordially received Anan Panyarachun, prime minister of the Kingdom of Thailand, and his entourage who are on an official visit to Vietnam.

At the reception, General Secretary Do Muoi and Prime Minister Anan Panyarachun informed each other about their respective national situation and exchanged views on recent regional and world developments.

General Secretary Do Muoi highly appreciated Prime Minister Anan's visit and expressed his joy at its fine result, which he said is a progressive step in the new era of friendship and cooperation between the two countries.

Prime Minister Anan Panyarachun acclaimed Vietnam's achievements in the renovation undertaking and expressed his wish for broadened friendship and cooperation with Vietnam.

Both leaders stressed the great importance of cooperation for the benefit of the people of the two countries and for building Southeast Asia into a peaceful, stable, and cooperative region. They also expressed their determination to strengthen bilateral friendship and cooperation.

The Thai prime minister invited General Secretary Do Muoi to pay an official visit to the Kingdom of Thailand at a convenient time. The general secretary happily accepted the invitation.

The reception was took place in an atmosphere of cordiality and mutual understanding.

Anan Discusses SRV-U.S. Ties

BK1601145592 Hanoi VNA in English 1411 GMT 16 Jan 92

[Text] Hanoi VNA Jan. 16—Thai Prime Minister Anan Panyarachun this afternoon in Hanoi welcomed efforts of Vietnam and the United States to normalize their relations.

At a press conference held at the end of his official visit to Vietnam, answering a question by a FAR EAST ECONOMIC REVIEW correspondent on the US embargo, the Thai prime minister said:

"We have a close relation with the US and we also have a very close relations with Vietnam (so) there is a need for the normalization of the Vietnam-US relations.... It should be brought about the sooner the better for the benefits of peace in the region and the continent."

Answering a question in the same vein, Chairman of the Vietnamese Council of Ministers Vo Van Kiet who co-chaired the conference said: "Vietnam has many times stated and reiterated its desire to normalize its relations with the US. Vietnam has done all it can, including the MIA issue, without placing any conditions for the Vietnam-US normalization."

"As is public knowledge, the Cambodia issue, a condition put forth by the US side, has been solved," he added.

After the press conference, an official farewell was held in front of the Ba Dinh Conference Hall. The Thai delegation left Hanoi for Ho Chi Minh City.

Joint Protocol Amendment Signed

BK1601154692 Hanoi VNA in English 1403 GMT 16 Jan 92

[Text] Hanoi VNA Jan. 16—A protocol amending the 1978 agreement on trade, economic and technical cooperation was signed this afternoon by Vietnamese Foreign Minister Nguyen Manh Cam and Thai Foreign Minister Asa Sarasin.

Present at the signing ceremony were Vietnamese Chairman of the Council of Ministers Vo Van Kiet and Thai Prime Minister Anan Panyarachun, who is leading a Thai Government delegation on a current three-day official visit to Vietnam.

Consulate in Thailand Proposed

BK1701025192 Bangkok THE NATION in English 17 Jan 92 p A4

[By Kawi Chongkitthawon]

[Text] Vietnam has proposed setting up a consular office in Rayong to make use of Thailand's Eastern Seaboard industrial complex, an informed source said yesterday.

Prime Minister Vo Van Kiet informed Prime Minister Anan Panyarachun during their Wednesday meeting in Hanoi that Vietnam would like to establish its consulate in Rayong, a coastal province nearly 200 kilometres southeast of Bangkok, according to the source.

In the past, Vietnam insisted that its consulate be located in one of Thailand's northeastern provinces. The request was repeatedly rejected by Thai authorities on security grounds.

But when Army Chief Gen Suchinda Khraprayun visited Hanoi recently, he told the Vienamese leaders that Thailand would not mind if Vietnam wanted to set up a consulate in the Northeast.

The source said Vietnam's consular office in Rayong would also serve its interests in the northeast region where 40,000-50,000 Vietnamese have been living since the mid 1950's.

Thailand, the source said, will file an official application to open its consular office in Ho Chi Minh City next week.

Thai Banks Allowed To Open Branches

BK1701070792 Hanoi VNA in English 0603 GMT 17 Jan 92

[Text] Two Thai banks on Wednesday won the first licences to open branches in Vietnam.

They are Bangkok Bank Ltd. and the Thai Military Bank.

The two Thai bank branches will also be in Ho Chi Minh City.

"I believe our operation will promote investment here, in a confident atmosphere", said Bangkok Bank President Chatri Sophonphanit, who was among 15 banking, trade and industry figures accompanying Thai Prime Minister Anan Panyarachun on an official visit to Vietnam.

Chatri said he hoped to open the office during the first half of the year, though he acknowledged that many details still had to be resolved.

Thailand To Extend Loan

BK1701082592 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 15 Jan 92

[Text] According to THAI NEWS AGENCY, the Thai Government has approved a proposal by the Thai Foreign Ministry to extend a loan of U.S.$150 million [as heard] to Vietnam at a low interest rate of three percent.

The credit package, to be repaid in 10 years, will be used by Vietnam to buy goods from Thailand.

Joint Communique Issued on Visit

BK1601140592 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 16 Jan 92

[Joint communique on Thai Prime Minister Anan Panyarachun's 15-17 January official visit to Vietnam]

[Text] Joint Vietnam-Thailand communique on Thai Prime Minister Anan Panyarachun's visit to Vietnam:

1. At the invitation of SRV Council of Ministers Chairman Vo Van Kiet, Mr. Anan Panayarachun, prime minister of the Kingdom of Thailand, paid an official visit to the SRV from 15-17 January 1992.

2. While in Vietnam, Prime Minister Anan Panyarachun was received by and held cordial talks with party Central Committee General Secretary Do Muoi and Council of State Chairman Vo Chi Cong. Council of State Chairman Vo Chi Cong asked Prime Minister Anan Panyarachun to convey his invitation to King Phumiphon Adunyadet and other members of the Thai royal family to pay an official friendship visit to Vietnam. At a meeting with General Secretary Do Muoi, the Thai prime minister invited the general secretary for an official visit to the Kingdom of Thailand at a convenient time. General Secrertary Do Muoi accepted this invitation with pleasure.

Thai Prime Minister Anan Panyarachun and other distinguished Thai guests paid their respects to President Ho Chi Minh at his mausoleum and visited the president's residence and office. The delegation also toured a number of economic and cultural establishments in Hanoi and Ho Chi Minh City.

3. Council of Ministers Chairman Vo Van Kiet had official talks with His Excellency Prime Minister Anan Panyarachun. Attending the talks were:

—On the Thai side: Mr. Asa Sarasin, foreign minister; Mr. Sippanon Ketuthat, minister of industry; Mr. Phaichit Uathawikun, minister of the Prime Minister' Office; Mr. Phisit Salikhup, deputy minister of national defense; Mr. Anan Kalintha, deputy minister of interior; Mr. Suraphong Chaiyanam, Thai ambassador to Vietnam; Mr. Sathaphon Kawitanon, general secterary of the prime minister; Mr. Yuk Na Thalang, chairman of the Thai Chamber of Commerce; Mr. Chokchai Aksaranan, chairman of the Federation of Thai Industrial Enterprises; Mr. Tharin Nimmanhemin, president of the Association of Thai Bankers; Mr. Sarot Chawanawirat, director general of the Foreign Ministry Political Department; Mr. Saowanit Khongsiri, director general of the Foreign Ministry Economic Department; and Mrs. Ladawan Wongsiwong, spokesperson of the Prime Minister's Office.

—On the Vietnamese side: Mr. Nguyen Manh Cam, foreign minister; Mr. Nguyen Cong Tang, minister of agriculture and food industry; Mr. Tran Xuan Gia, chief of the Office of the Council of Ministers; Mr. Dau Ngoc Xuan, head of the State Commission for

Cooperation and Investment; Mr. Vu Khoan, deputy foreign minister; Mr. Ta Ca, deputy minister of commerce and tourism; Mr. Le Minh Huong, deputy minister of interior; Mr. Pham Quoc Tuong, deputy minister of heavy industry; Mr. Le Van Chau, deputy governor of the Central Bank; Mr. Nguyen Trung, Vietnamese ambassador to Thailand; Mr. Vu Quoc Tuan, assistant to the chairman of the Council of Ministers; Mr. Nguyen Hiep, deputy director general of the Oil and Gas General Corporation; and Mr. Le Cong Phung, head of the Foreign Ministry Southeast Asia Department.

4. Council of Ministers Chairman Vo Van Kiet warmly welcomes the official visit to Vietnam of His Excellency Prime Minister Anan Panyarachun—the first visit by a head of the Thai Government since the establishment of diplomatic relations between the two countries in 1976.

Following the fine results obtained in the visit to the Kingdom of Thailand by Council of Ministers Chairman Vo Van Kiet in October 1991, this visit of His Excellency Prime Minister Anan Panyarachun has opened a new era in Vietnam-Thailand relations. These have been marked by the increasing mutual understanding and trust as well as ever-closer cooperation between the two countries in the interest of the two peoples and of peace, stability, and prosperity in Southeast Asia.

5. During various talks, the two sides expressed their satisfaction over the rapid progress in their relations in the recent past. It is most interesting that the two sides attained a number of important agreements in various fields of economic cooperation, and this will create a solid groundwork for the further development of cooperation. Most recently, there was an exchange of letters ratifying the agreement on the promotion and protection of investment, signed in Bangkok on 30 October 1991.

Both sides also welcome the remakable progress made by both government and private sectors at the various levels, especially in the exchange visits of foreign ministers of the two countries and the recent visit to Vietnam by General Suchinda Khraprayun, supreme commander of the Armed Forces and commander-in-chief of the Royal Thai Army. This also includes the exchange visits by the two peoples, visits which have strengthened goodwill, mutual trust, and understanding and created favorable conditions for expanding bilateral cooperation.

6. With the aim of expanding bilateral economic, commerce, and scientific cooperation in the new stage, both sides have signed a protocol on an amendment to the 1978 agreement in the above areas. Both sides have agreed to make efforts to reach an agreement on fishing cooperation soon. Both sides agree to continue negotiations to reach an agreement on avoiding double taxation and on tourism cooperation as well as on a protocol to supplement the commercial maritime navigation agreement as soon as possible. Both sides welcome the minutes of the conference between the Thai Ministry of Agriculture and Cooperatives and the Vietnamese Agriculture and Food Industry on 9 January to create favorable conditions and to encourage direct meetings between Vietnamese corporations and the Thai private sector. This refers particularly to the feasibility studies on cooperation projects on the production, processing, and the export of corn, poultry meat, and pineapple, as proposed by the Vietnamese side. As rice-producing countries, both sides have agreed on close cooperation in production and the export of rice. Both sides express satisfaction on the progress attained in the establishment of a joint technical committee to continue studying the prospects for cooperation in the natural gas industry. Both sides also have agreed to expand cooperation in culture, education, science and technology, training, sports, and physical education to promote better understanding and to strengthen friendship between the peoples of the two countries.

7. The Vietnamese side welcomes Thailand's decision to speed up the establishment of the Thai Consulate in Ho Chi Minh City. The Thai side welcomes Vietnam's decision to set up a Vietnamese Consulate in Thailand.

8. Both sides agree to explore other aspects and new proposals to expand bilateral economic ties. On this issue, the Thai side has agreed to provide Vietnam with a long-term credit of 150 million baht to buy Thai goods and services. The Vietnamese side has accepted the loan.

9. Both sides have expressed their satisfaction on seeing that cooperation in Southeast Asia is developing in the right direction of integrating efforts for economic development. Both sides firmly believe that better cooperation between Vietnam and Thailand will positively contribute to building Southeast Asia into a zone of peace, friendship, and cooperation. Both sides believe that efforts to expand cooperation among countries in Southeast Asia are in conformity with the trend of promoting peace and construction among nations of the world. This will help assert Vietnam's correct role in the international community. The Vietnamese side highly appraises the support of Thailand and other ASEAN countries for it to join the 1976 Amity and Friendship Treaty, which will enable Vietnam to participate more in the cooperation process in Southeast Asia.

10. Both sides contend that the signing of the Cambodian Peace Accord has created the unprecedented opportunity of building a new Southeast Asia. Both sides affirm their support for a full observance of the Paris Peace Accord and respect for national reconciliation among factions in Cambodia. Both sides support the communique of the Supreme National Council of Cambodia conference on 30 January 1991 in Phnom Penh.

11. Both sides believe that the success of the visit to Thailand by Council of Ministers Chairman Vo Van Kiet last October and Thai Prime Minister Anan Panyarachun's successful visit to Vietnam this time will contribute remarkably to strengthening friendship and cooperation in Southeast Asia. His Excellency Prime

Minister Anan Panyarachun sincerely thanked the Vietnamese Government and people for their warm welcome and hospitality extended to the Thai delegation.

Anan Leaves Hanoi for Ho Chi Minh City

BK1601144592 Bangkok Army Television Channel 5 in Thai 1230 GMT 16 Jan 92

[Text] Prime Minister Anan Panyarachun and his delegation are on their second day of their Vietnam visit. The prime minister has already left Hanoi for Ho Chi Minh City, formerly Saigon, after attending the ceremony for signing cooperation agreements with the Vietnamese Government. Prime Minister Anan left Noi Bai Airport in Hanoi this afternoon for Ho Chi Minh City in the south according to schedule.

Earlier in the day, the prime minister laid a wreath at the Ho Chi Minh Mausoleum and toured the home of President Ho Chi Minh located near the Office of the chairman of the State Council. The prime minister then called on Vietnamese Communist Party [VCP] General Secretary Do Muoi at the VCP Central Committee headquarters. He also met Vietnamese Justice Minister Phan Hien, an old friend whom he got to know when he was a Foreign Ministry official.

At 1400, a ceremony was held at the Vietnamese National Assembly Building for the signing of the joint communique on an amendment of the 1978 protocol signed by both countries. Prime Minister Anan Panyarachun and Foreign Minister Asa Sarasin signed on behalf of Thailand while Premier Vo Van Kiet and Foreign Minister Nguyen Manh Cam signed for the Vietnamese. A press conference was held by leaders of the two countries afterwards.

In the joint communique, it was stated that the two sides have agreed to exert all efforts for an amendment to the 1978 protocol covering an agreement on fishery cooperation, an agreement on the avoidance of double taxation, and an agreement on cooperation in tourism and commercial maritime navigation, with a view to the future expansion of economic and trade cooperation as well as cooperation in science and technology.

During the press conference, the Thai prime minister mentioned about the postponement in the signing of a fishery agreement between the two countries. He noted that it involved Vietnam's problems with its local-level authorities and that this will have to be settled first. Thailand will wait until Vietnam resolves the problem. The prime minister also called on the United States to end its trade embargo and to restore normal diplomatic relations with Vietnam in the interests of both countries and of the entire region of Southeast Asia.

Cooperation With World Community in 1991 Reviewed

BK1701074192 Hanoi Voice of Vietnam Network in Vietnamese 0015 GMT 1 Jan 92

[Review by Thanh Hai of developments in cooperation between Vietnam and the world community in 1991]

[Text] Although 1991 has passed, it will still be acknowledged as a year of continuous expansion of relations of friendship and cooperation between Vietnam and the world community, in which our effective policy of renovation continued to derive inspiration from the world.

Against a background in which we had to confront numerous difficulties and drastic changes in the world, the results obtained from the relations of friendship and cooperation between Vietnam and the world community in 1991 are of great significance and allow us to believe that we are now advancing in the right direction.

The first result of the relations of cooperation between Vietnam and the world community in 1991 and also evidence of the belief of many countries in the economic prospects of Vietnam despite its great difficulties, was the fact that the number of foreign economic units coming to Vietnam in 1991 to look for joint ventures or cooperation had doubled that of 1990.

According to the figures released by the Vietnam State Commission for Foreign Cooperation and Investment, as of late November 1991 the number of foreign investment projects in Vietnam had reached 114 with a total capital of billions. Compared with investment in foreign countries, this is number is relatively small. For us, however, it is a valuable asset.

We remember that in 1988, the curtain-raising year for the implementation of the law on foreign investment, there were only 37 foreign investment projects in Vietnam with a total capital of $360 million. In 1990, this number increased to 109 with a total capital of $590 million.

Mr. Domingo L. Siazon, Jr., director general of the United Nations Industrial Development Organization, UNIDO, said: This fine initial step, which habors many prospects for economic development in Vietnam, reflects the world community's attention to the future of the Vietnamese economy. It also shows that Vietnam is capable of attracting foreign investment.

When talking about investment, we must recall the Forum on Investment in Vietnam held in Ho Chi Minh City in March 1991, in which the number of guests representing large companies from 40 countries on five continents was twice as many as the number we had expected. More than 2,000 large and small meetings took place between Vietnamese economic units and foreign guests at this forum, which served as a symbol of economic cooperation between Vietnam and the world.

Commenting on the forum, Mr. Siazon, UNIDO director general, said: This forum can tell us of the world's attention to Vietnam and of the prospects of the world's investment in Vietnam in the near future. It also attests to the world's substantial support for and response to the open-door policy for cooperation with all countries by the Vietnamese state.

Another fine result in the relations of friendship and cooperation between Vietnam and the world community in 1991 was the visits to Vietnam by many high-level delegations and important government representatives of many countries, as well as the visits to various countries by many important delegations of Vietnam. This shows that many countries highly appreciate Vietnam's policy of economic renovation and want to further expand cooperation with Vietnam.

Those visiting Vietnam in 1991 included His Excellency Roland Dumas, French minister of state for foreign affairs, and 20 leading French businessmen; Dr. Blewett, minister of trade and overseas development, and a group of Australian businessmen; Thai Foreign Minister Asa Sarasin and representatives of various Thai companies; and His Excellency Taro Nakayama, Japanese foreign minister, and His Excellency Yoshio Sakurauchi, speaker of the Japanese lower house and head of the delegation of the Japan-Vietnam Senators Friendship Alliance.

In late 1991 in particular, the official visit to China of the high-level Vietnamese delegation led by Comrades Do Muoi and Vo Van Kiet, general secretary of the party Central Committee and chairman of the Council of Ministers respectively, and the visit to Indonesia, Thailand, and Singapore of the Vietnamese Government delegation led by Chairman Vo Van Kiet had become world events of the year that drew world attention and comments.

In their frontpage reports and comments on the visit of the Vietnamese delegation led by Comrades Do Muoi and Vo Van Kiet, major Chinese papers said:

This is the most successful visit that has been expected by the peoples of the two countries. It will create favorable conditions for the cooperation and development of the two countries, as well as for peace, cooperation, and development in the region and the world.

Meanwhile, major Japanese papers—such as MAINICHI SHIMBUN and ASAHI SHIMBUN—called the visit an outstanding world event, which proved that the political situation in Southeast Asia was entering the maturing stage, thus changing the political background of this region and enabling Vietnam to rapidly develop its economy.

During the visit to the three ASEAN countries of Indonesia, Thailand, and Singapore of the Vietnamese Government delegation led by Council of Ministers Chairman Vo Van Kiet, the prestige of Vietnam, the response to Vietnam's policy of normalizing and expanding relations with all countries, and the evaluation of the results of Vietnam's renovation process had been manifested specifically in the ceremonious receptions full of national etiquette given in honor of Chairman Vo Van Kiet and his entourage. The leaders of all three host countries highly valued the policy of economic renovation of Vietnam and its economic potential and prospects in the near future.

Commenting on Chairman Vo Van Kiet's ASEAN tour, major papers in the region, Asia, and the world said: The visit ushered in a new period of Vietnam-ASEAN relations. The fine results of all the talks and the signing of several agreements on economic and trade cooperation and investment would certainly create a basis for economic exchange and business activities between Vietnam and the ASEAN countries in 1992 and the ensuing years.

The ASEAN countries unanimously agree that Vietnam, with its great potential and geographical location right on the borderline of Southeast Asia and as an extensive market, will certainly be able to overcome all obstacles and may advance to an ever higher level of development within the next 15 to 20 years.

Vo Van Kiet Addresses Highland Conference

BK1601072592 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 28 Dec 91

[Text] On 27 and 28 December, the Council of Ministers held a conference on the tasks concerning the highlands and Hmong people of northern mountainous provinces. Attending the conference were Comrades Vo Van Kiet, chairman of the Council of Ministers; Bui Thien Ngo, member of the Political Bureau and interior minister; Nong Duc Manh, member of the Political Bureau and chairman of the party Central Committee Department of Nationalities; Hoang Duc Nghi, minister and head of the Mountainous and Nationality Affairs Office; and leaders of 20 ministries, sectors, party committees, people's committees, planning commissions, and nationality committees of 13 northern mountainous provinces.

Comrades Nong Duc Manh and Hoang Duc Nghi, on behalf of the party Central Committee Department of Nationalities and the Mountainous and Nationality Affairs Office of the Council of Ministers, reported the current socioeconomic situation in the highlands and some main development guidelines for the coming years 1992-95.

The report specified: In the course of revolutionary struggle and socialist construction, our party's policy toward nationalities has improved every day on the basic principle of equality and solidarity. The facts of the Vietnamese revolution over the past few decades have demonstrated the vitality and correctness of our party and state policy toward nationalities. The political, economic, cultural, and social lives of people of all nationalities have definitely progressed compared with the pre-August revolution period in 1945. However, the socioeconomic life in the mountainous regions, especially the highland and outlying areas, is still very difficult. The rates of development are unequal among the different ethnic areas.

At present, apart from some localities that have surged forward to increase production, organize and stabilize the people's livelihood, and exploit local strengths to establish settled farming and life, a tendency to carry on a nomadic life and farming via the slash-and-burn method on the highlands still prevails. The monthly per capita income does not exceed 10,000 dong [approximate exchange rate is $1 = 12,000 dong]. Every year, some 50 percent of households still suffer from food shortages and disease. Some 60 percent of villages still need a maternity hospital and 70 percent of the people have no clean water for use. The rates of social development are slow. Many superstitious customs and social evils still prevail. The illiteracy rate is 80-90 percent of the population. Communications and transportation are underdeveloped. The highlands must be said to be the poorest area due to many causes including economic difficulties nationwide and particularly in the mountainous regions. However, the major causes are shortcomings and deficiencies in the process of concretizing and organizing the implementation of socioeconomic policies toward the mountainous and highland regions.

Reports also covered the main orientations for the socioeconomic development of the highlands.

After hearing representatives of various sectors and localities report their difficult situations and petitions to the state, Chairman Vo Van Kiet made a statement concluding the conference. He said: In order to change the socioeconomic face of the mountainous regions in general and the highlands in particular, and to shorten the gap between the socioeconomic living standards in various regions and between the highland people and the town people, it is imperative to basically settle farming and the way of life for nomads; overcome the problems of nomadic farming and living; liberate the people from moving from residence to residence; eliminate the pre-harvest famine; secure enough food, clothing and clean water in conformity with the people's habits; repel and advance toward stamping out disease, carry out family planning through appropriate measures; fight illiteracy and popularize attendance at primary schools suitable to highland youths; implement equality and solidarity among the nationalities; and consolidate national defense.

After clearly analyzing the requirements of settling farming and people's lives, expanding production and circulating goods, attentively developing the grassroots level networks of public health and cultural education, step by step building new villages and rural areas, and organizing operative machinery, Chairman Vo Van Kiet said:

[Begin recording] We should not assign one or two vice chairmen to the network of committees and state management to take care of this task. This task must be assumed by the chairmen themselves and by the entire network to comprehensively take care of the people of all nationalities. The party rules and leads whereas the state must take care of all aspects of the people's lives in terms of food, water, lodging, clothing, and so on without forgetting anything. We must take even better care of the people in the highlands. The more difficulties the people encounter, the more intensively we must concentrate on the task. Is this the way we must work? Comrades, I think it definitely is.

What is the most difficult is that those comrades in key positions who are competent, knowledgable, and authoritative must accompany the cadres of all sectors involved to various localities in order to solve problems on the spot. No one other than the committee chairmen must accompany the cadres. It is also imperative to make this point clear to all sectors: All directors and deputy directors must personally venture to every quarter of the outlying areas and live there for five or ten days, one or two weeks, or even a month.

We must rotate the work shifts this way in order to come close to the people and solve their problems. For example, if an area is affected by malaria, then the directors of public health services together with doctors must bring medicine to the area and live there until the disease is stamped out. All the funds needed by these comrades is also a problem to be solved. This involves the area of budget and job placement. Nevertheless, it is still better than just sitting in offices in cities and townships resting and talking about problems among ourselves, rarely getting out to see the people.

So, regarding the question of organization and implementation, I, first of all, wonder how we shall do in villages. I propose that mountainous villages and districts should be assigned full-time cadres depending on the requirements. This matter must be discussed among provincial and district authorities. Those sectors that want their cadres assigned to villages must take care of the required funds. This means that all sectors must fulfill their functions and tasks adequately. [applause] [ends recording]

Vo Van Kiet Visits Culture, Information Ministry

BK1701100892 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 8 Jan 92

[Text] Council of Minsiters Chairman Vo Van Kiet visited the Ministry of Culture, Information, and Sports on the afternoon of 4 January where he met many artists and cadres in charge of various art sectors such as stage performance, musics, dance, and fine arts.

Amid a sincere and opened-minded atmosphere, the chairman spent most of the time listening to situation reports and suggestions by department directors and cadres in charge of various art sectors on measures and policies to liberalize various art sectors, to train new talents, and improve the welfare of artists.

At the end of his working session, Chairman Vo Van Kiet emphatically spoke about the need to maintain the identity of our national culture and art. The comrade said that opera house directors should sugest specific systems and policies toward artists and their activities. (?Responsible) departments should round up suggestions—with priority given to urgent and most essential issues—and present them to the Council of Ministers so the latter can, together with the Ministry of Finance, the Ministry of Labor, War Invalids, and Social Welfare, and the State Planning Commission, neatly resolve some of them within 1992.

Border Checkpoint System Brings in More Taxes

BK1601105992 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 30 Dec 91

[Text] Since our country and China reopened the border checkpoints, Sino-Vietnamese cross-border export-import activities have increased every day in volume and method. Cross-border trade has become increasingly complex and has had a great impact on the domestic economy. Some of its prominent features are: Export-import operations are conducted not only through temporary checkpoints but also at any point along the border with small traders smuggling the goods. This requires special managerial control at border checkpoints in line with the state's antismuggling policy to fairly regulate the budget revenue. However, there will be difficulties if an agency such as customs or tax is solely charged with the responsibility of collecting taxes. The customs sector do not have enough personnel to collect taxes along the border. The tax agency also cannot replace the customs in checking export and import goods.

Moreover, cross-border export-import activities are diverse and complex and involves the livelihood of the local people. Besides acting for the central government, management agencies are also required to closely coordinate with one another under the guidance of the local administration and party committee echelons.

With the approval of the Council of Ministers chairman, intersectorial checkpoints have recently been established in Quang Ninh Province to collect taxes on exports and imports within the province. The personnel come from customs, border defense, tax and police sectors. These posts have been effective as they could cope with the characteristics of border trade tax collection. They have also promoted the managerial tasks of the various sectors.

In the past 10 months, the Hai Ninh intersectorial checkpoint has collected 32.8 billion Dong for the state budget.

Do Muoi Visits Hanoi Photo Exhibition

BK1601100592 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 1 Jan 92

[Text] On 30 December 1991, Comrade Do Muoi, general secretary of the party Central Committee visited a photo exhibition on historic events shot by photographer Nguyen Ba Khoan. The exhibition was held at the Hanoi office of the Arts Friendship Association at No. 19 Hang Buom Street.

Comrade Hoang Tu Trang, secretary of the Vietnam Photographers Association, many comrades from the association secretariat, as well as representatives of the Arts and Culture Federated Association, Vietnamese Photographers Association, Hanoi Department of Culture and Information, and Photographer Nguyen Ba Khoan joyously received and guided the comrade general secretary at the exhibition.

Mr. Nguyen Ba Khoan, 75, has been a photographer for more than 55 years. During his time, he has recorded many important and historic national events with his camera.

After looking at more than 200 photos, comrade general secretary had cordial talks with the photographer and many leading comrades of the photographers association. He welcomed, highly valued the photos, and said they truly and vividly reflected many historic events of our people's brave struggle under the leadership of the party and beloved Uncle Ho.

General Secretary Do Muoi hoped the photographers association, with related organs, will help the photographer restore their photos. He also hoped they would help photographers organize exhibitions as photos contribute to educating the people, especially the younger generation, on traditional patriotism and the revolution.

Comrade Do Muoi attentively inquired about the health of Mr. Nguyen Be Khoan and his family. He also wished the photographer good health and for the continuance of his service in providing more valuable photos on the renovation of the party and our people.

National Oil Corporation Increases Exports

BK1601074592 Hanoi VNA in English 0557 GMT 16 Jan 92

[Text] Hanoi VNA Jan. 16—The Vietnam National Oil Equipment and Technology Import Corporation Petechim exported over 3.9 million tonnes of crude oil in 1991, 320 thousand tonnes more than planned.

This also represents a 50 percent-increase over 1990.

Since it was tasked with the export of crude oil, Petechim has sold abroad nearly 9 million tonnes of crude oil.

The export of crude oil in 1992 in expected to soar by 25 percent over 1991.

General Doan Khue Addresses Army Meeting

BK1401133192 Hanoi Voice of Vietnam Network in Vietnamese 2330 GMT 29 Dec 91

[Text] Last week, many units and sectors such as the Army Rear Service General Department, the Vietnam People's Army [VPA] General Political Department, the Ministry of National Defense, the VPA General Chief of Staff Command, the Army Inspection Sector, the Huong Giang Army Corps and other units organized specialized training courses and launched determined-to-win campaigns to triumphantly fulfill the assigned tasks in 1992. Many leaders and commanders of the National Defense Ministry have directly monitored and supervised these courses and campaigns.

Addressing a meeting of the Army Inspection Sector, comrade Doan Khue, member of the Communist Party of Vietnam [CPV] Central Committee Political Bureau and minister of national defense commended the sector for its achievements during the past year. He said that this success has contributed to fulfilling the general tasks of the Army, and that in 1992, the sector should bring the Army inspection work to the right track to suit its function and authority while striving to satisfactorily implement esteemed Uncle Ho's teaching that inspection personnel are the eyes of the higher echelons and friends of the ranks and files. He urged the sector to continue to renovate its activities, contribute to building the national defense and security war position, enhance capability in combat readiness, and struggle against embezzlement and wastefulness, thereby contributing to correctly implementing the lines and policies of the party and state.

Letter to Defense Plant Z-155

BK1401144392 Hanoi Voice of Vietnam Network in Vietnamese 2330 GMT 29 Dec 91

[National Defense Minister General Doan Khue's letter to Defense Plant Z-155 on its 25th founding anniversary—date not given]

[Text] Dear comrades, on the occasion of the 25th founding anniversary of the Z-155 Defense Plant attached to the Tram Nguon Truck Department, 1 January 1967 to 1 January 1992, on behalf of the Military Commission of the party Central Committee and the Ministry of National Defense, I cordially convey my kind regards and best wishes to all cadres, workers, defense personnel, sick and wounded soldiers, families of the fallen combatants, and retirees of the plant.

During the past 25 years, under the Communist Party of Vietnam [CPV] leadership and with the support and assistance of the party organizations, the administration, and people in localities, generations of cadres, combatants, workers, and defense personnel of the Z-155 Defense Plant have consistently strengthened their unity, worked creatively, upheld its self-reliance, overcome difficulties and ordeals, fulfilled construction and combat task, ensured sufficient electric power for production, and enhanced quality of the repair work, thereby fulfilling all the set targets and assigned tasks. Particularly, the plant has conducted research and produced spare parts sufficient for repair work, trained hundreds of cadres and technical workers for the Army, thereby contributing to achieving glorious victories in the cause of national liberation and unification as well as to firmly defending the socialist Vietnamese fatherland and fulfilling the international obligations toward the fraternal Lao and Cambodian nations.

Due to its outstanding performances, the plant has received many lofty awards bestowed by the party and state. On this occasion, I warmly commend you comrades for your achievements scored during the past 25 years.

Dear comrades, to triumphantly implement the Seventh CPV Congress resolution, the Army must strive to strengthen the revolution, and step by step achieve modernization and standardization in defense industry. I urge you all to strive to seriously implement lines and policies of the party and state, consistently maintain a firm political stand, firmly grasp the socialist objectives, triumphantly implement the comprehensive renovation undertaking; uphold the spirit of self-reliance, dynamism, and creativity; promote relationship with and assistance from the local administration and people to improve production qualitatively and quantitatively, thereby meeting the Army's requirements in electricity and trucks and, together with the entire Army and people, contributing to triumphantly building and firmly defending the socialist Vietnamese fatherland.

I wish you comrades good health and ever greater achievements in the new stage.

My cordial and determined-to-win salutations to all of you.

Directive on War Veterans Asssociation Issued

BK1601095492 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 3 Jan 92

[Text] On 26 December 1991, the Council of Ministers issued a directive on activities of the Vietnam War Veterans Association [VWVA]. The directive said: To create favorable conditions for the VWVA to carry out its activities, the Council of Ministers chairman requests ministers, chairmen of state commissions, heads of government agencies, and echelons of people's committees to actively implement lines and policies of the party and state regarding the association. The directive also called for efforts by sectors to provide offices and essential facilities for echelons of the VWVA to carry out their activities.

Vu Oanh To Head Mass Motivation Council

BK1601094892 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 1 Jan 92

[Text] Faced with the requirements of intensifying and renewing party leadership over the mass motivation task, the party Central Committee has decided to establish the central mass motivation council chaired by Politburo member Vu Oanh.

On 28 December 1991, the council held its first meeting to discuss the work regulations and decide its action program for 1992. Its immediate task for the first half of 1992 is to begin reviewing the implementation of the sixth party Central Committee's eighth plenum resolution on the renovation of mass motivation task, to strengthen the party-people relationship and to prepare for the party Central Committee's third conference scheduled for the second quarter of 1992.

Review of Second-Round Congresses Held

BK1701104592 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 6 Jan 92

[Text] Implementing a directive of the party Central Committee secretariat on the organization of second-round party congresses at all levels, as of 31 December 1991, 28 of 53 provincial and city party organizations have completed their congresses. These included 12 party organizations that have completed their congresses at all three levels. They are Quang Ninh, Lai Chau, Cao Bang, Lang Son, Vinh Phu, Ha Bac, Haiphong, Lam Dong, Son La, Tay Ninh, Ben Tre and Hanoi. Of these 12 party organizations, 11 held their congresses from the lower up to higher level. Only the Lai Chau provincial party organization held its congresses from the higher down to lower level.

According to reports from provinces and cities, of the 53 party organizations, 16 held their congresses from the higher down to lower levels, 37 held their congresses from the lower up to higher levels. Most of those party organizations which have not held their congresses belong to the newly divided provinces. These party organizations will complete their second-round congresses within the first quarter of 1992.

Phu Yen Province Holds Second-Round Congress

BK1701102092 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 7 Jan 92

[Text] The party organization of Phu Yen Province recently held its 11th second-round congress. Phan Van Khai, Politburo member and vice chairman of the Council of Ministers' standing committee, attended and addressed the congress.

Over the past two years since the province was split up, the provincial party organization has concentrated its leadership on agricultural production, especially grain production. The three economic programs have been implemented and linked step by step to the adjustment of investment and economic structures. The total grain production volume has reached 280,000 tonnes, an increase of 140,000 tonnes. The per capita grain production is 416 kgs per year.

The congress stressed the renovation of organization and operational guidelines of the existing agricultural cooperatives to suit the conditions of each region. At the same time, new forms of cooperation must be diversified in the mountainous countryside. Effort should be exerted to reduce the rate of population growth to 1.9 percent.

Nguyen Van Linh Visits Telecommunications Sector

BK1601094792 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 31 Dec 91

[Text] On 24 December 1991, Comrade Nguyen Van Linh, advisor to the party Central Committee, visited some operational and technical installations of the post and telecommunication sector in Ho Chi Minh City. Dang Van Than, the director general and party central committee member, many leaders of the General Post Corporation and large numbers of cadres of the postal sector warmly welcomed and accompanied the advisor.

At the International Telecommunication Center of region 2, Comrade Nguyen Van Linh listened to a briefing on the construction and operational capability of the Lotus 1 ground satellite station and the Intersat 1A station. He saw engineers and workers of the postal sector who were being assisted by experts from the Republic of France. They were working on the final technicalities that will enable the 30,000-number AGENTEL-CTT electronic telephone exchange to be officially put into operation on 29 December. This would initially change the city's telephone communications.

The advisor also visited the central public relations installation of the city's telephone service. Talking with the postal sector leaders, Comrade Nguyen Van Linh praised the creative efforts of the postal cadres and workers who have boldly used cooperation opportunities with foreign countries to quickly modernize postal communications and increased its service capability. He also reminded postal cadres that communications is the country's nerve system.

Hanoi Party Organization Recruits New Members

BK1201142692 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 26 Dec 91

[Text] In 1991, the Hanoi municipal party organization recruited 1,500 party members of which 34 percent were women, 38 percent were Ho Chi Minh communist youth union members, 22 percent were workers directly engaging in production, and 40 percent were scientific-technical cadres with college or higher education background.

Most of the party installations have attached importance to quality and have strictly complied with procedural principles.

Though small in size, the number of new party members has contributed to consolidating and enhancing the militancy of party organizations and party installations.

Afforestation Plan for Coastal Areas Signed

BK1001155692 Hanoi VNA in English 1500 GMT 10 Jan 92

[Text] Hanoi VNA Jan. 10—Vietnamese Forestry Minister Phan Xuan Dot and Mr. David Smith, representing the World Food Programme (WFP), signed here today a plan of action for a project on afforestation in Vietnam's coastal areas. The project, codenamed WFP-4304, stipulates that the WFP will contribute USd 20,300,000 worth of nearly 116,000 tons of wheat and materials, and the Vietnamese Government, USd 8,900,000, to help the population in 13 coastal provinces from Quang Ninh to Thuan Hai plant 125,000 hectares of forests for reducing natural calamity damage, and protecting the environment in the five-year 1992-96 period.

Australia

Government Accepts Croatia, Slovenia Independence

BK1701040992 Hong Kong AFP in English 0903 GMT 16 Jan 92

[Text] Canberra, Jan 16 (AFP)—Prime Minister Paul Keating announced Thursday Australia's recognition of the independence of the Yugoslav Republics of Croatia and Slovenia.

Keating said in a statement the two new states had met conditions laid down by the European Community.

"But much remains to be done before the people of the former republics of Yugoslavia are able to enjoy the peace and prosperity that is their right," he said.

Foreign Minister Gareth Evans said in a statement Australia was still considering recognition of Macedonia and Bosnia-Herzegovina.

"The Australian Government is well disposed towards the claims of independence of these republics, but would not wish to take action in advance of a decisive move towards recognition by a number of European countries," Evans said.

Australia's ambassador to Vienna would be accredited to Croatia and Slovenia and a consulate would be opened in Zagreb to be headed initially by an honorary consul.

The Australian Government's decision was hailed by the respective communities in this country.

"We are just so happy, you just can't understand how happy," Slovenian National Council of Victoria secretary Elica Rizmal said.

Australian Croatian Communities Council spokesman Tom Bosnjak said in Melbourne: "The Croatian Australian community is extremely happy Australia has finally decided to recognise Croatia."

Government To Move Anti-Jakarta Demonstrators

BK1401073892 Melbourne Radio Australia in English 0500 GMT 14 Jan 92

[Text] The office of Australia's Foreign Affairs Minister Gareth Evans has confirmed that discussions had been held to move demonstrators away from the Indonesian Embassy in Canberra. A spokesman for the minister says a meeting has been held with the Australian Capitol Territory's Trade and Labor Council and the Australian Coalition for East Timor to discuss the issue.

Senator Evans told the demonstrators their continued presence created a serious difficulty for the Australian Government under its obligation in the Vienna Convention. He said that the government supported the protesters' right to demonstrate and was not seeking to curtail that right. Senator Evans told the demonstrators the issue was essentially a matter of relocating the protest material to a point reasonably distant from the embassy.

Demonstrators have been holding a vigil outside the embassy since November in protest against the massacre of civilians in East Timor's capital, Dili.

Demonstrators Agree To Move

BK1601072692 Melbourne Radio Australia in English 0500 GMT 16 Jan 92

[Text] East Timorese demonstrators, who have been protesting outside Indonesia's Embassy in Australia since the November Dili massacre, have agreed to move.

The agreement follows talks with Australia's Foreign Minister Gareth Evans. The protesters will move to a site about 50 meters from the embassy.

Senator Evans says Indonesian Foreign Minister Ali Alatas would prefer the protesters to be removed completely. However, he said he had to balance the Australian Government's obligation to protect the dignity of the Embassy with the protesters right to demonstrate.

Unemployment Rate Increases to 10.6 Percent

BK1601071292 Melbourne Radio Australia in English 0500 GMT 16 Jan 92

[Text] Australia's unemployment rate has risen again. However, Julian Brophy reports that there is some good news in the latest official employment statistics released today.

[Begin Brophy recording] Australia's jobless rate now stands at 10.6 percent, an increase of a tenth of a percent on the November figure. The main reason for the jump: a rise of 9,600 in the number of unemployed and the third of a percent increase in the participation rate.

However, there is some encouraging news on the job front with an increase in December of almost 40,000 in the number of people employed, mostly in full-time jobs. [end recording]

Economy Said 'Headed for Longest Recession'

BK1701072892 Hong Kong AFP in English 0707 GMT 17 Jan 92

[Text] Sydney, Jan 17 (AFP)—Efforts by Prime Minister Paul Keating to revive a battered economy suffered another major setback Friday as new data indicated Australia appears headed for its longest recession since World War II.

The Westpac Bank-Melbourne Institute's leading index, which is regarded as a key economic indicator, shows economic activity fell in November to its lowest level since the present economic downturn began in May 1989.

"The leading index indicates that Australia will have its longest recession since the Second World War and the recovery will be patchy," said Westpac chief economist Bill Evans.

At the same time, figures released by the Bureau of Statistics showed seasonally adjusted retail sales fell 1.1 percent for November following a two percent rise in October and a fall of 1.8 percent in September.

The bureau said its trend estimate, which eliminates the effects of monthly savings, of 0.4 per cent growth in retail sales appeared to have fallen in the last few months.

The lower growth rate in trend estimates was mainly due to lower sales growth in department stores and grocery industries, the bureau said.

The Westpac index slid by 0.8 per cent, or one point, to 121.8 in November, and has slumped by 7.7 per cent, or 10.2 points, since the May figure.

The index, which is watched closely by the central Reserve Bank, Treasury and financial markets, has fallen slowly since July after showing positive signs in the middle of 1991.

The coincident index, which measures where the economy is currently, fell by 2.4 per cent in November to 131.1 points from 134.3 in October.

The decline was mostly due to a fall-off in factory production and the continuing deterioration of the job market.

"Although this is a preliminary measure, it still confirms the downward trend in the index," Evans said.

"This puts it at its lowest level since it peaked in January 1990 and down 13 per cent on that level, showing a more severe recession than the 1981/83 recession."

The longest recession in Australia since World War Two lasted for two years from December 1955 to December 1957. The 1981-83 recession lasted for 23 months.

Economist Ernst Boehm, of the Melbourne Institute of Applied Economic Research, said the leading index is "foreshadowing a period of spreading stagnation in the months ahead."

"The recent sluggish performance...makes it seem highly unlikely that the current recession can avoid becoming the one with the longest duration," he said.

He added that promising signs in mid-1991 of a housing-led recovery had not been sustained.

While the index's relapse could be an aberration, he warned it could also indicate that the start of a weak recovery from a trough in March 1991 has been aborted.

Fiji

Government To Set Up 'Permanent' TV Station

BK1601092692 Melbourne Radio Australia in English 0803 GMT 16 Jan 92

[From the "International Report" program]

[Excerpts] In Fiji, the minister of information has banned all government advertising in one of the two daily papers by way of complaining about its coverage. The government has also just announced plans to set up a permanent television station just in time for elections in May. Our Pacific correspondent Erina Reddan reports.

[Begin Reddan recording] [Passage omitted] On another media front, the government has just announced plans to set up a permanent television service. The government is to form a corporation which will hold a controlling 51 percent of shares, the Fiji Post and Telecommunications a further 10 percent, and foreign companies will be allowed to tender for the remaining 39 percent.

Fiji has had a temporary television service since Television New Zealand [TVNZ] broadcasted the rugby world cup late last year. TVNZ is reportedly running the service at a loss in the hope that they will have a share [words indistinct]. It has come in for a lot of criticism for allowing the government to use news broadcast for political propaganda.

The government says it will have the permanent service in place by the 1 May, just in time for election year and if the elections go ahead as scheduled. [end recording]

New Zealand

Inflation Hits 31-Year Low Amid Economic Gloom

BK1601035892 Hong Kong AFP in English 0554 GMT 15 Jan 92

[By Michael Field]

[Text] Wellington, January 15 (AFP)—Recession-savaged New Zealand Wednesday posted one of the world's lowest annual inflation rates, but has deflation to add to its other grim economic indicators.

The Statistics Department said the consumer price index in 1991 rose one percent, while in the last three months of the year it fell 0.1 percent.

It was the lowest inflation figure since 1960 when the annual rise was 0.3 percent.

For Prime Minister Jim Bolger low inflation is a mixed blessing, underscoring a lack of economic growth and record unemployment.

Deflation in the December quarter, the first time prices have fallen in any three-month period since 1961, highlights the plight of the economy.

The Reserve Bank is projecting a 1.7 percent drop in gross domestic product to the year to March 1992 while around 14 percent, depending on which measure is used, of the workforce are unemployed.

Deflation comes after the passing of a new labour law which broke trade union bargaining power and resulted in widespread pay cuts.

Bolger said the inflation figure was "tremendous news."

He warned against complacency, noting that in the last few months the New Zealand dollar had fallen, putting upward pressure on inflation.

However he said the result set the stage of an "export-led recovery."

Finance Minister Ruth Richardson said New Zealand had reversed its position as one of the Organisation of Economic Co-operation and Development's (OECD) worst performers on inflation to being the member with the lowest rate.

"It shows how successful we can be when we adopt and stick to sound anti-inflation policies."

Reserve (central) Bank Governor Don Brash warned inflation would rise again during 1992 because of the dollar's depreciation and the impact of increased government charges.

"However, these pressures are temporary in nature and underlying inflation is set to remain within the bank's 1.5-3.5 percent indicative inflation range.

"It should then drop into the 0-2 percent target range next year," Brash said.

Inflation bedevilled the economy from around 1973, peaking at an annual rate of 18.24 percent in 1986, the same year a Labour Government assumed power.

It made eradicating inflation a priority and it has fallen ever since.

In 1989 Labour passed a law requiring the Reserve Bank to conduct a monetary policy designed to achieve zero to two percent inflation by December 1992. In 1990 a new government amended the target date to December 1993.

There was no suggestion the bank would ease interest rates despite calls by the manufacturers and farmers.

The Manufacturers Federation said: "It is ironical that at the same time we have the lowest rate of inflation we suffer from the highest real interest rates amongst our trading partners."

Prime business lending rates are around 12.75 percent.

(?Owen) Jennings, president of the Federated Farmers, the main farming lobby group, said: "It would be villainous at this crucial time for banks to persist with their reticent approach towards interest rate reductions."

The latest figure puts New Zealand at the bottom of international inflation listings. Australia had 3.2 percent inflation in the year to September and Japan had an annual rate of 3.1 percent in November.

At that time, Britain, the United States , France and Canada had inflation rates of 4.3 percent, three percent, three percent and 4.2 percent respectively.

Papua New Guinea

Prime Minister Says Indonesian Ties Strengthened

BK1701041792 Melbourne Radio Australia in English 0300 GMT 17 Jul 92

[Text] Papua New Guinea's prime minister, Rabbie Namaliu, says the way is open for a further strengthening of ties between his country and Indonesia. Mr. Namaliu, who has just returned from talks in Jakarta, says the two countries had come a long way since the days when the relationship was dominated by border issues. He says it now extends to cooperation in education, training, defense assistance, investment, and trade.

Mr. Namaliu says that during his visit to Indonesia, President Suharto assured him that 3,000 Irian Jayan refugees in Papua New Guinea could return home without threat of reprisal.

Government Intensifies Bougainville Blockade

BK1601064092 Melbourne Radio Australia in English 0500 GMT 16 Jan 92

[Text] The Papua New Guinea [PNG] Government is reported to have intensified its economic blockade of Bougainville island following the rebel seizure of a supply ship, the Cosmaris. The North Solomons administrator, (Sam Tulo), has issued instructions to suspend shipping and airline services to Bougainville. (Mr. Tulo) is acting on a decision by the National Security Advisory Committee. (Mr. Tulo) said shipping and air services will be suspended until the self-styled Bougainville interim government release the Cosmaris.

The Bougainville Revolutionary Army [BRA] seized the Cosmaris after it arrived in Kieta last week with urgently need medical supplies. The rebels want other supplies from the ship which were off-loaded in Rabaul to be brought to Bougainville.

PNG's Prime Minister Rabbie Namaliu has expressed total disappointment with the rebel seizure of the Cosmaris. He said the rebels' actions made it difficult for the national government to trust them.